



Treasury Laws Amendment (Tax Incentives and Integrity) Act 2025

No. 29, 2025

**An Act to amend the law relating to taxation, and
for related purposes**

Note: An electronic version of this Act is available on the Federal Register of Legislation
(<https://www.legislation.gov.au/>)

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Treasury Laws Amendment (Tax Incentives and Integrity) Act 2025

No. 29, 2025

An Act to amend the law relating to taxation, and for related purposes

[Assented to 27 March 2025]

The Parliament of Australia enacts:

1 Short title

This Act is the *Treasury Laws Amendment (Tax Incentives and Integrity) Act 2025*.

2 Commencement

- (1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table	The day this Act receives the Royal Assent.	27 March 2025
2. Schedules 1 and 2	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	1 April 2025
3. Schedule 3	The first 1 July to occur after the day this Act receives the Royal Assent.	1 July 2025
4. Schedule 4	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	1 April 2025

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

3 Schedules

Legislation that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Luxury car tax

A New Tax System (Luxury Car Tax) Act 1999

1 Subsections 25-1(3) and (3A)

Repeal the subsections, substitute:

Luxury car tax threshold—general

- (3) Subject to subsection (4), the *luxury car tax threshold* is:
- (a) \$80,567 if the supply of the car occurs, or the car is *entered for home consumption, in the 2024-25 *financial year; or
 - (b) if that supply, or entry for home consumption, is in a later financial year—the amount worked out for that financial year after indexing \$80,567 annually using Subdivision 960-M of the *ITAA 1997.

2 Subsection 25-1(4)

Omit “7 litres”, substitute “3.5 litres”.

3 Subsection 25-1(6)

Repeal the subsection, substitute:

Indexation

- (6) In indexing the *luxury car tax threshold or *fuel-efficient car limit, Subdivision 960-M of the *ITAA 1997 applies as if:
- (a) the table in section 960-265 of that Act included an item referring to (as the case may be):
 - (i) the luxury car tax threshold and subsection (3) of this section; or
 - (ii) the fuel-efficient car limit and subsection (5) of this section; and
 - (b) the reference in subsection 960-270(1) of that Act to provisions of that Act included a reference to subsection (3) or (5) of this section (as the case may be); and

- (c) the reference in subsection 960-280(2) of that Act to the car limit included a reference to the luxury car tax threshold or fuel-efficient car limit (as the case may be).

4 Application of amendments

Application of amendments—general

- (1) The amendments made by this Schedule apply in relation to supplies, and importations, of cars on or after 1 July 2025.

Continued application of old subsection 25-1(4) if car was used for certain purposes before 1 July 2025

- (2) However, old subsection 25-1(4) continues to apply, in relation to a supply or importation of a car on or after 1 July 2025, if, before that date:
 - (a) an entity made a supply or importation of the car; and
 - (b) the car was used in Australia for a purpose other than a purpose mentioned in subsection 9-5(1) of the Act.

Definitions

- (3) In this item:

Act means the *A New Tax System (Luxury Car Tax) Act 1999*.

old subsection 25-1(4) means subsection 25-1(4) of the Act as in force immediately before the commencement of this Schedule.

Schedule 2—Denying deductions for interest charges

Income Tax Assessment Act 1997

1 Paragraph 25-5(1)(c)

Repeal the paragraph.

2 Subsection 25-5(7)

Repeal the subsection (including the note).

3 After subsection 26-5(1)

Insert:

(1A) Without limiting paragraph (1)(a), you cannot deduct under this Act the *general interest charge or the *shortfall interest charge.

4 Application of amendments

The amendments made by this Schedule apply in relation to assessments for income years starting on or after 1 July 2025.

Schedule 3—Extending ATO notification period for retaining refunds

Taxation Administration Act 1953

1 Paragraph 8AAZLGA(3)(a)

Repeal the paragraph, substitute:

- (a) in a case to which paragraph 8AAZLF(1)(a) applies:
 - (i) if the whole or part of the RBA surplus of the entity arises because of a credit that arises directly under the BAS provisions (as defined in subsection 995-1(1) of the *Income Tax Assessment Act 1997*)—the 16th day to occur after the RBA interest day (within the meaning of section 12AF of the *Taxation (Interest on Overpayments and Early Payments) Act 1983*) for the RBA surplus; or
 - (ii) otherwise—the RBA interest day for the RBA surplus of the entity; or

2 After subsection 8AAZLGA(3)

Insert:

- (3A) For the purposes of subparagraph (3)(a)(i), the whole or part of the RBA surplus is taken to arise because of a credit if the whole or part of the RBA surplus would not arise but for the credit being allocated to the RBA.

3 Application provision

The amendments made by this Schedule apply in relation to RBA surpluses that arise on or after the commencement of this Schedule.

Schedule 4—\$20,000 instant asset write-off for small business entities

Income Tax (Transitional Provisions) Act 1997

1 Section 328-180 (heading)

Omit “30 June 2024”, substitute “30 June 2025”.

2 Subsection 328-180(1) (paragraph (b) of the definition of *increased access year*)

Omit “30 June 2024”, substitute “30 June 2025”.

3 Paragraph 328-180(4)(d)

Omit “30 June 2024” (wherever occurring), substitute “30 June 2025”.

4 Subparagraphs 328-180(5)(e)(ii) and (6)(e)(ii)

Omit “30 June 2024”, substitute “30 June 2025”.

[*Minister’s second reading speech made in—
House of Representatives on 28 November 2024
Senate on 26 March 2025*]

(165/24)