Capital Partners

LIFE CONVERSATIONS. WEALTH SOLUTIONS.

Beyond Deductions

The hidden gaps in tax planning for high-net-worth Australians.

Contents

The illusion of control

Are you confident your tax strategy is working as well as it could be?

For high-income Australians, managing wealth often starts with practical steps; a good accountant, a self-managed super fund (SMSF), a family trust, investment properties, deductible debt, and a corporate beneficiary or two. The plan looks sound and the numbers check out. There is a sense of control.

But there is a difference between control and clarity.

In the 2023-24 financial year, Australians paid more than $800 billion in tax (ATO, 2025). While much of that reflects prosperity and contribution, a significant portion is avoidable, resulting from strategies that are outdated, uncoordinated, or simply underutilised. It is especially true for high-net-worth individuals whose wealth has grown faster than their financial strategy has evolved.

When wealth runs ahead of structure

Consider the long-running tax dispute involving actor Paul Hogan which made media headlines with more than $150 million in alleged unpaid tax (Mitchell, 2017). The investigation, which involved the Australian Taxation Office, the IRS, and UK authorities, lasted for years. The matter was eventually settled confidentially, and Hogan denied any wrongdoing, the professional and reputational damage was significant.

Hogan later claimed the ordeal cost him millions in lost deals, with major international distributors walking away during the years he was under investigation.

While his story made headlines, similar missteps are happening quietly every day, often with six-figure consequences.

In practice, wealth often arrives before structure. Without a cohesive, forward-focused strategy, tax planning becomes a patchwork. It's functional for a time, but vulnerable to gaps that emerge later.

The shift from patchwork to purpose

Tax planning often begins with practical decisions: setting up a trust, opening an SMSF, purchasing an investment property. Over time, though, those decisions can drift apart. What started as a cohesive approach can turn into a patchwork of disconnected tactics that no longer reflect the bigger picture.

When structure isn't reviewed, inefficiencies build. Contribution opportunities are missed. Ownership frameworks become outdated. Key financial events, like asset sales or distributions, are poorly sequenced, leading to avoidable tax consequences and reduced flexibility.

A more intentional strategy ties these moving parts together. With the right structure, tax planning becomes a tool for clarity and control. It supports better decisions across investments, succession, and lifestyle planning, and gives you the confidence to move forward with purpose.

Minimising tax: The standard playbook and where it falls short

There are a few well-established methods designed to reduce assessable income and manage tax liability in the short term:

Deductible super contributions to reduce taxable income

Negatively geared property that offsets losses against other earnings

Income splitting via family trusts or partnerships to distribute earnings to lower-taxed beneficiaries.

These are sensible strategies. They're legal, widely adopted, and relatively easy to implement. In isolation, they work.

Yet their effectiveness often plateaus. Most of these tactics are designed to manage tax in the short term and reduce last year's liability, rather than improve long-term outcomes. They are reactive rather than strategic. They rarely account for life's evolving complexity, from asset sales to shifting goals to intergenerational wealth transfer.

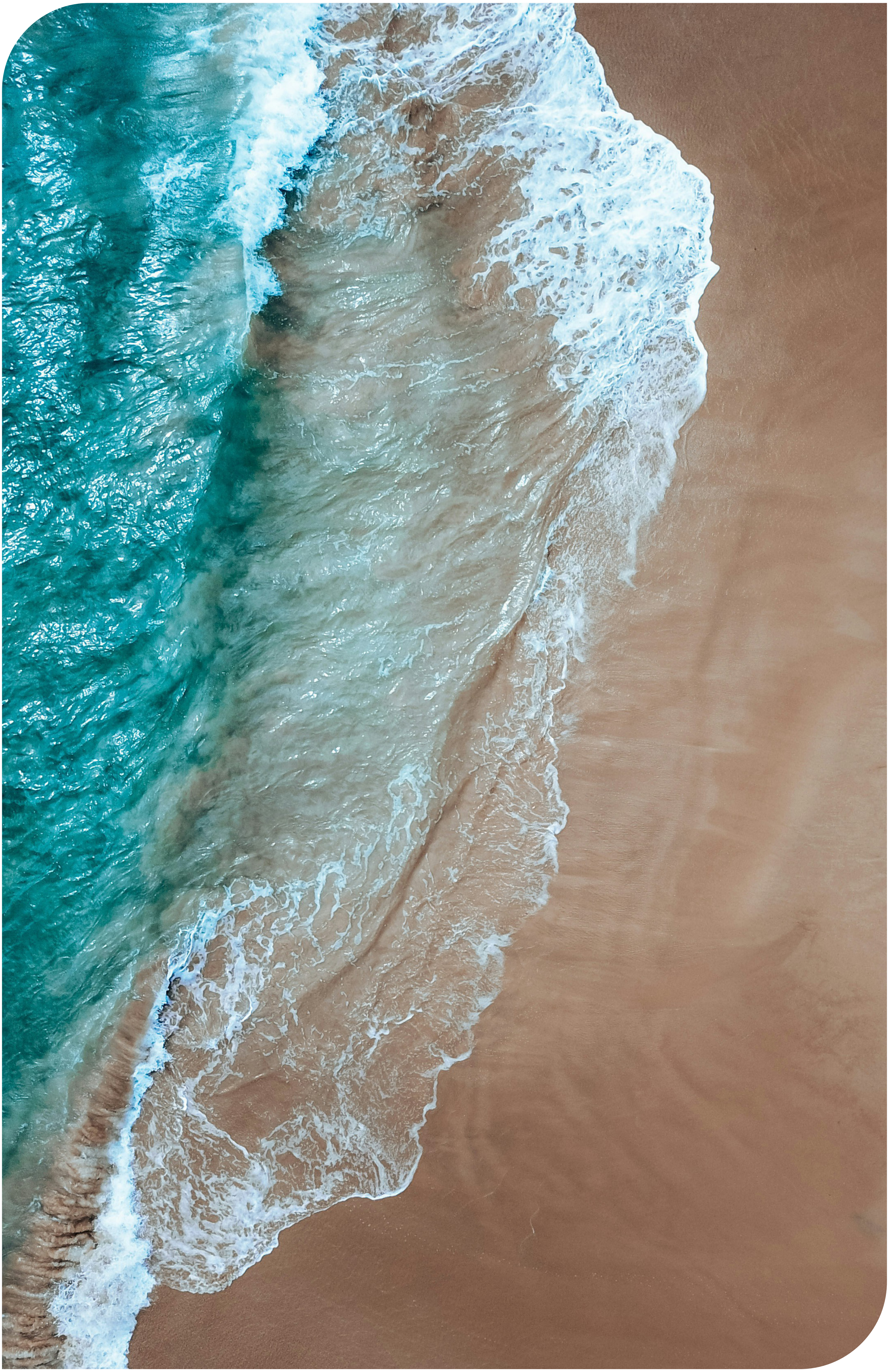
In the absence of a broader wealth strategy, these approaches can create hidden inefficiencies, such as:

- Missed contribution windows and unused caps
- Inefficient asset ownership structures
- Poor sequencing of income and capital events
- Legacy tax problems for beneficiaries

As wealth grows, the costs of these inefficiencies compound.

What are carry-forward concessional contributions?

If your total super balance is under $500,000, you can carry forward any unused portion of your $30,000 concessional contributions cap for up to five years. This allows you to make a larger tax-deductible contribution in a future year.



Consider beyond the year-end

Effective tax planning is a continuous process of aligning structure, strategy, and timing.

Take carry-forward concessional contributions, for example. Since 2019, individuals with super balances under $500,000 have been able to carry forward unused concessional contributions for up to five years (ATO, 2024). This allows for larger deductible contributions in future years (especially valuable after a high-income year or following a business sale).

If your total super balance is under $500,000, you can carry forward any unused portion of your $30,000 concessional contributions cap for up to five years. This allows you to make a larger tax-deductible contribution in a future year.

> *"If your super balance is under $500,000 and you haven't maxed out your deductible contributions in the previous five years, you can bring them forward," explains Kathryn Creasy, Head of Advice at Capital Partners. "Someone who's been out of the workforce or someone who's an expat... can make a really big contribution all in one year."*

If you only contributed **$20,000 last year,** you can **carry forward the unused $10,000 and contribute up to $40,000 this year,** reducing your taxable income while growing your super.

This opportunity often goes unused unless it's actively tracked and planned for. Making the most of it requires clear contribution timing across multiple years.

This is just one example. Aligning tax-related decisions with a wider wealth plan, rather than treating them as isolated tasks, can create more clarity and flexibility across:

- Investment returns and capital gains timing
- Gearing and debt repayment schedules
- Trust distributions and dividend declarations
- Super contribution sequencing and withdrawals

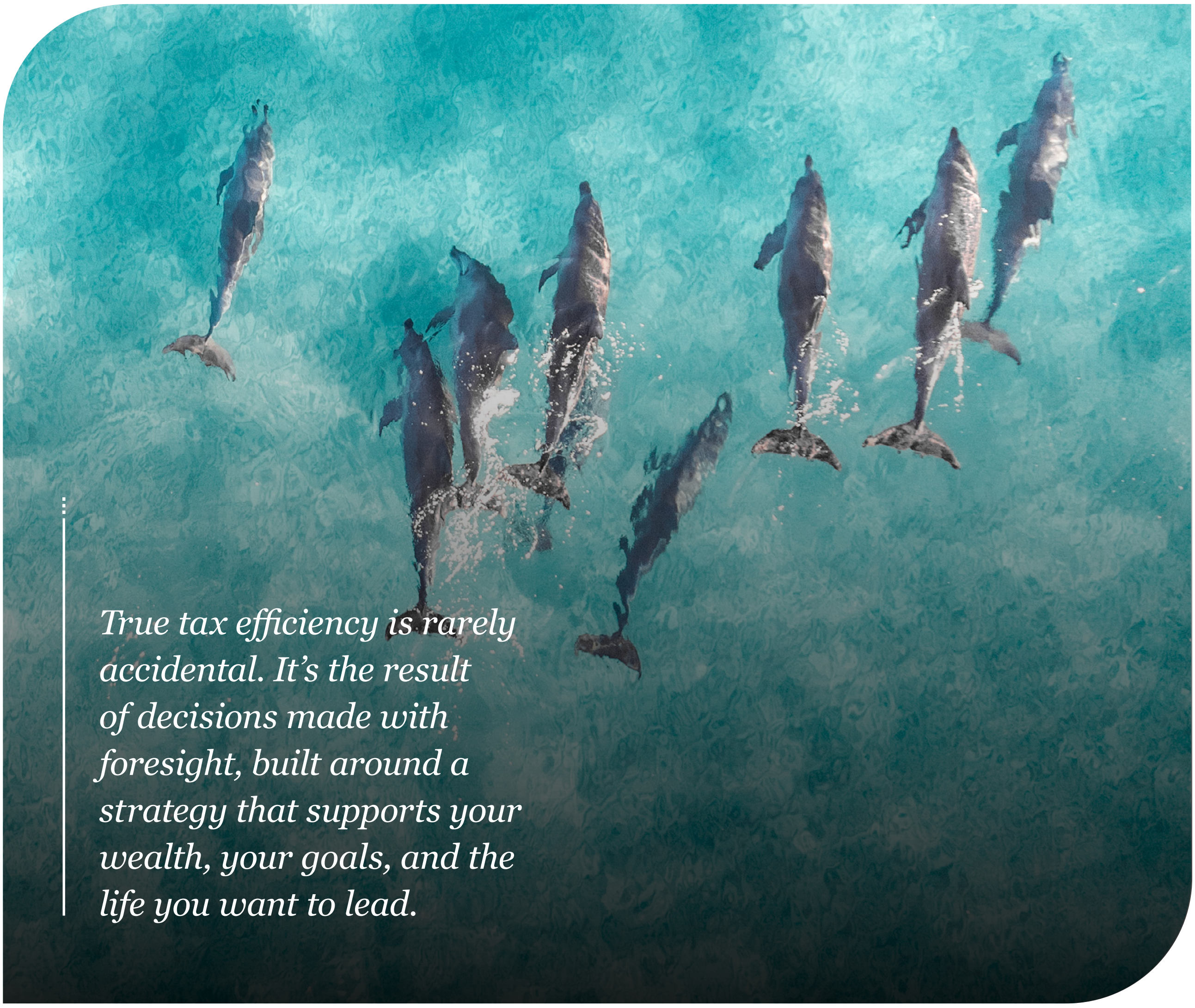
With foresight, tax planning becomes a tool to enhance long-term prosperity, not just reduce near-term tax.

Case in point: the cost of a siloed strategy

One business owner, nearing retirement, had accumulated over $1 million in retained earnings in a company used to hold surplus cash. While this "bucket company" had allowed them to defer tax over the years, no plan had been made for eventual extraction.

When the time came to access those funds for lifestyle spending, the client faced unexpected tax consequences. While retained earnings typically come with a franking account that allows for franked dividends, issues arise when large withdrawls are made—particularly if the structure isn't optimised. In this case, the bucket company has only one individual shareholder, limiting flexibility. As a result, top-up tax was payable on withdrawals, pushing the effective take rate towards the top marginal bracket and eroding more than 50 cents in every dollar to the ATO.

A small strategic adjustment, such as dividend streaming, pre-planning for shareholder loans, or gradually building franking credits, could have saved thousands.



True tax efficiency is rarely accidental. It's the result of decisions made with foresight, built around a strategy that supports your wealth, your goals, and the life you want to lead.

Strategies to minimise tax and future-proof your wealth

The smarter structures: What high performers don't know they don't know

High-income earners often have strong instincts regarding wealth growth, but even seasoned professionals can overlook the structural decisions that shape long-term outcomes.

Family trusts remain a powerful tool for managing tax and preserving wealth. By distributing income among family members, they can reduce overall tax liability, particularly where beneficiaries have lower marginal tax rates. But their value extends far beyond the annual distribution.

Used effectively, trusts offer:

- Flexibility to adapt distributions year by year
- Asset protection in the event of litigation or relationship breakdown
- Strategic support for transition planning and philanthropy

Trusts that aren't regularly maintained or clearly documented can introduce unnecessary risk. Their value depends on how well they're managed over time.

Superannuation also offers overlooked opportunities. With the right strategy, individuals can:

- Use carry-forward concessional contributions (up to five years' worth) to make large, deductible contributions in high-income years. This strategy is recommended for returning ex-pats or business owners post-exit
- Leverage bring-forward non-concessional contributions, allowing up to $360,000 to be contributed in a single year (within the relevant balance thresholds) (ATO, 2025).

> *"You might be better off investing through a family trust, which allows income to be distributed in future to different people — whether that's both members of a couple or other family members receiving money from the trust," says Creasy.*

What are bring-forward non-concessional contributions?

Bring-forward non-concessional contributions allow you to contribute up to $360,000 to your super in a single year by combining three years' worth of after-tax (non-concessional) contributions.

You're eligible if:

- You're under 75, and
- Your total super balance was less than $1.66 million as of 30 June the previous financial year (for 2024–25)

This strategy is useful when you receive a large sum (like an inheritance or proceeds from a property sale) and want to move it into super, where earnings are taxed at a lower rate and may be tax-free in retirement.

> *These rules are often misunderstood or forgotten but when timed effectively, they provide a pathway to maximise wealth in a low-tax environment.*

Planning for later while acting now

Too often, tax planning focuses on this year's return. The more strategic question is: what will your retirement income look like and how much of it will the ATO claim?

In retirement, superannuation income is generally tax-free for individuals aged 60 and over, within the transfer balance cap (ATO, 2023). That makes every additional dollar contributed to super today a future source of tax-free income. The earlier contributions are made and the more strategic the timing, the greater the compounding benefit.

Yet in the area of estate planning, tax can quietly re-enter the frame.

Australia doesn't have a formal inheritance tax, but the superannuation death benefit tax often functions like one. When super is passed to a non-tax dependant (such as an adult child), the taxable component may be taxed at 15% plus the 2% Medicare levy; a total of up to 17% (ATO, 2024). For large super balances, this can result in six-figure tax liabilities, effectively reducing the estate left to beneficiaries.

Planning around this requires foresight.
For example:

- Using re-contribution strategies to reduce the taxable component
- Ensuring estate plans reflect beneficiary relationships and intentions
- Exploring life insurance inside or outside super to cover the tax liability

These decisions rarely seem urgent, but delaying them can be costly.

Distributions, timing, and Division 100A

One of the most scrutinised areas of tax planning today is trust distributions, particularly following the ATO's guidance on Division 100A (ATO, 2022).

Division 100A allows the ATO to cancel trust distributions it deems not "genuine", particularly where one person is made presently entitled to income, but someone else receives the economic benefit. These are often referred to as "reimbursement agreements".

Some family trust arrangements remain unaffected, but others now fall into a grey zone. In particular:

- Distributions to adult children with low tax rates but no access to funds
- Circular arrangements where funds are returned to the trustee or another family member
- Undocumented or unclear beneficiary entitlements

To avoid the ATO's red flags:

1. Ensure all distributions are consistent with the trust deed
2. Document entitlements and payments clearly
3. Avoid complex or opaque arrangements without legal advice

Distributions still work, but the rules have changed. What once passed with little scrutiny now demands precision, transparency and evidence of intent.

With the right frameworks in place, wealth becomes a dynamic asset you can direct toward freedom and legacy.

Your life events, your tax strategy

What's your trigger?

It's rarely the numbers alone that prompt a call to a tax adviser. More often, it's a shift in life that creates new questions about how money should be managed. These moments often arrive with complexity, urgency, and emotion. They can also mark the beginning of a more intentional strategy.

- Selling a business: Years of work culminating in a single event with major capital gains, liquidity, and planning decisions all arriving at once.
- Paying off the mortgage: A personal milestone and often the first time individuals look up from debt and consider broader wealth-building options.
- Divorce or widowhood: These life transitions often come with new financial responsibilities and a pressing need for clarity, independence, and protection.
- Planning for retirement: When work begins to take a back seat, the focus shifts to tax-effective income streams, succession, and lifestyle preservation.
- Wanting to buy an investment property: A common wealth-building move that often triggers questions about deductibility and long-term tax impact.

Each of these moments marks a transition and a need for a strategy that reflects both your goals and the tax consequences of getting there.

Tailored approaches for different moments

Life doesn't follow a fixed formula, and neither should your tax strategy. A tailored approach at the right time can create long-term value, avoid unnecessary taxes, and restore a sense of clarity when everything else is shifting.

Business exit

Selling a business is one of the most financially significant events a person may experience. It can trigger large capital gains and shift you into the top marginal tax bracket in a single year. With the right planning, though, the outcome can be managed strategically.

For example, a retiring business owner may be eligible for the 15-year exemption or 50% active asset reduction under the small business CGT concessions, but only if key conditions are met. Contributions to super via the CGT cap can also shield part of the proceeds from tax and support retirement goals.

Family trusts can be used to distribute investment income from any reinvested funds, spreading the tax impact across beneficiaries. Meanwhile, timing the sale near the end of a financial year, or staggering contract milestones, can provide greater flexibility in managing the tax outcome.

> *A tailored tax strategy can turn uncertainty into opportunity.*

Divorce

The end of a relationship can change everything, including your financial footing. You may find yourself managing your own investments, planning for your children's futures, and reassessing retirement strategies, often on a tighter budget.

Strategic planning post-divorce might include:

- Rebuilding super balances with concessional contributions
- Establishing a family trust to protect future investment income
- Updating Wills and powers of attorney to reflect new circumstances
- Reviewing insurance and estate planning to ensure dependents are protected

For example, a recently divorced client in her early 50s used the bring-forward rule to contribute a lump sum from her settlement into super. This gave her access to long-term compounding in a low-tax environment while preserving flexibility with other assets outside super.

Inheritance

Receiving an inheritance can be both a blessing and a burden. While it may represent financial freedom, it also raises questions: How should the funds be invested? What are the tax implications? How can they be protected?

In some cases, inheriting an investment property may trigger a Capital Gains Tax (CGT) if sold (ATO, 2025). In others, a cash inheritance may increase personal income tax if interest or distributions are not managed carefully.

A strategic response might involve:

- Contributing to super within available caps
- Establishing or utilising a family trust to invest proceeds tax-effectively
- Creating a private ancillary fund to support long-term charitable goals while receiving immediate tax benefits.

A Private Ancillary Fund (PAF) is a charitable trust that allows individuals, families or businesses to make tax-deductible donations, invest the funds, and distribute income to registered charities over time. It offers a structured, long-term approach to giving with control, legacy planning, and annual minimum distribution requirements set by the ATO.

People may use inheritance to fund education for grandchildren, transition out of full-time work earlier, or seed a new business venture within a structure that protected their assets and reduced ongoing tax obligations.

As one client explained during an estate planning conversation: "This isn't about tax. It's about the love of 10 people."

They wanted to avoid the family fallout they'd seen others experience. Early communication, clear documentation, and a fair, well-considered plan can provide both financial certainty and peace of mind for everyone involved.

Life events create financial inflection points. The right advice turns them into strategic opportunities and supports you in moving forward with confidence, rather than hesitation.

Planning that future-proofs your wealth

Map your money like you map your career

Career planning is typically deliberate and forward focused. Financial planning deserves the same attention. Instead of a once-a-year task, it should be treated as a dynamic roadmap that adjusts with income, lifestyle, goals, and timing.

Income estimates:

Accurately forecasting your income, particularly where it fluctuates due to bonuses, business distributions or asset sales, allows for smarter tax decisions. With the right visibility, you can better time deductions, trust distributions, and super contributions to reduce liability and maximise impact.

Trust distributions and dividend timing:

When and how income is distributed through trusts or declared as dividends can have a significant impact on tax outcomes. It's not just about who receives the income, but when. Strategic timing allows for better use of lower tax thresholds, family tax benefits and franking credits while avoiding unnecessary spikes in marginal rates.

Flexibility and liquidity:

Tax planning must also account for life beyond the ledger. Whether you're planning a major purchase (such as a home upgrade or a new vehicle) or simply want greater access to cash, liquidity matters. A tax-efficient strategy should include flexible access to funds without triggering avoidable tax consequences or limiting your investment options.

Super caps and contribution timing:

Superannuation remains one of the most tax-effective vehicles for building long-term wealth, but it's not without its limits.

Know your contribution windows:

Annual contribution caps (currently $30,000 for concessional and $120,000 for non-concessional contributions) are just the starting point. By using carry-forward and bring-forward rules strategically, high-income earners can contribute significantly more while still staying within the rules.

Avoid last-minute lump sums:

Topping up super at the end of the financial year is common, but timing matters. Contributions must hit your fund before 30 June to count, and last-minute lump sums risk breaching caps or missing the chance to stagger tax benefits. A forward plan helps contributions land on time and in the right financial context.

"People might say, 'I want to buy an investment property,' or 'my goal is to save $10,000 a month.' And a lot of the time, that's not a goal. That's a strategy. The goal is 'I want to be able to retire,' and how do we get there?" explains Creasy.

Contribution type	Annual cap	Eligibility criteria
Concessional contributions	$30,000	Available to eligible individuals under age 75; includes employer, salary sacrifice, and deductible personal contributions (ATO, 2024)
Carry-forward concessional contributions	Up to $150,000 (over 5 years, if eligible)	Total super balance under $500,000 on 30 June of previous financial year; unused cap amounts from up to 5 years
Non-concessional contributions	$120,000	Total super balance under $1.9 million on 30 June of previous financial year (ATO, 2025)
Bring-forward non-concessional contributions	Up to $360,000 (over 3 years, if eligible)	Under age 75; total super balance under $1.66 million for full $360,000 cap; phasing applies up to $1.9 million

Numbers accurate as of May 2025.

The rules are changing and will again

Australia's superannuation framework is constantly evolving. The proposed Division 296 tax, for example, is set to apply an additional 15% tax on super earnings above the $3 million threshold, including unrealised gains (Treasury, 2024). For high-net-worth individuals, this changes the equation on how and where wealth is held.

Policy shifts like this are a reminder that yesterday's structure may not serve tomorrow's goals. Legislation will continue to evolve. Caps will change. Political priorities will shift. Tax settings will tighten. In this environment, the most valuable strategy is one that can adapt.

Wealth planned with intention becomes a system that evolves with you, offering stability, insight, and direction at the right time.

Yesterday's structure may not serve tomorrow's goals. With constant policy shifts – like the proposed Division 296 tax – your wealth strategy needs to evolve as fast as the rules do.

Why going it alone isn't enough

The tax outcome you want won't come from just one expert

While accountants are a common part of most financial setups, strategic advisers are less frequently engaged. The difference between the two often comes down to direction.

Accountants interpret the past, lodge returns, and keep clients compliant. Their focus is retrospective.

Strategic advisers, on the other hand, look ahead. They work to align your wealth with your goals, structure your assets for future impact, and anticipate the tax consequences of decisions that haven't happened yet.

When the two roles operate in isolation, opportunities are missed. When they work together, wealth opportunities are maximised.

> *When your professional team works together, one hour of the right conversation can deliver more than a year of disconnected decisions.*

Collaboration is not a cost, it's a multiplier

Too often, professionals work in silos. The accountant handles the tax file. The adviser manages the investment portfolio. The client is left to interpret and coordinate advice across disciplines, often without knowing the right questions to ask.

A better model is built on collaboration. When your adviser and accountant are in regular dialogue, they can:

- Anticipate tax events before they occur
- Sequence contributions, payments, and distributions more effectively
- Align income forecasting with investment planning
- Resolve conflicts between compliance and strategy before they become roadblocks

As Creasy explains, "Most clients are going to get the best outcomes where we can work with their accountant really well. It's difficult when someone says, 'I don't want you to talk to my accountant because they're going to charge me for an extra hour.' But that could be the most valuable hour you spend."

When your professional team works together, one hour of the right conversation can deliver more than a year of disconnected decisions. Often, it's the conversation that clients don't even know they need until they see the results.

Strategic partnerships unlock real clarity

Coming back to the initial question: are you confident your tax strategy is working as well as it could be?

The answer isn't found in a checklist of deductions. It's in the ability to make decisions with clarity, backed by a strategy that aligns with your goals and adapts as life evolves. With the right support, structure becomes a source of confidence, not complexity.

That's what a strategic partnership delivers. It allows you to offload complexity, it gives you access to insight, and it protects your legacy by aligning today's decisions with tomorrow's outcomes.

At Capital Partners, our role is to provide that kind of support over the course of a lifetime. We are proud to be the only firm in Western Australia certified by the Centre for Fiduciary Excellence (CEFEX) and uphold the highest global standards in financial stewardship.

As founding members of the Global Association of Independent Advisors (GAIA), we're part of an international network committed to truly independent, evidence-based investment advice with no agendas and no shortcuts.

With shifting rules and rising expectations, that level of accountability matters. Isolated advice is no longer sufficient. Minimising tax is only part of the equation. Real advice gives you the confidence to make decisions that align with your goals.

Close the gap in your planning

Strategic tax planning goes beyond this year's return and extends to creating a structure that reflects your goals, evolves with your life, and safeguards your legacy.

Reactive decisions come with hidden costs; missed opportunities, outdated structures, and unintended consequences that surface later. A more deliberate, forward-focused approach brings those gaps into view and turns tax from a year-end task into a long-term advantage.

"What you need is to optimise your position for a lifetime , not just this year," Creasy notes.

The best outcomes don't come from having all the answers, but from asking sharper questions at the right time, with the right people beside you.

That approach has earned Capital Partners national recognition. We're the only Australian firm to have won the Financial Advice Association's Professional Practice of the Year award three times.

We work with individuals and families who want to take a more deliberate approach. They are not looking for tricks or loopholes. They want purpose, clarity, and confidence.

As an independent fiduciary firm, we are legally bound to act in their best interests. Our clients want to make decisions that align with their values, protect their prosperity and create continuity for the next generation.

Start a conversation with one of our experienced advisers to explore what's possible.

The right questions can unlock new opportunities. The right team can bring clarity to complex decisions. The right time to start is now. If you're looking for advice that goes beyond compliance and toward purpose, we invite you to take the next step.

When your professional team works together, one hour of the right conversation can deliver more than a year of disconnected decisions.

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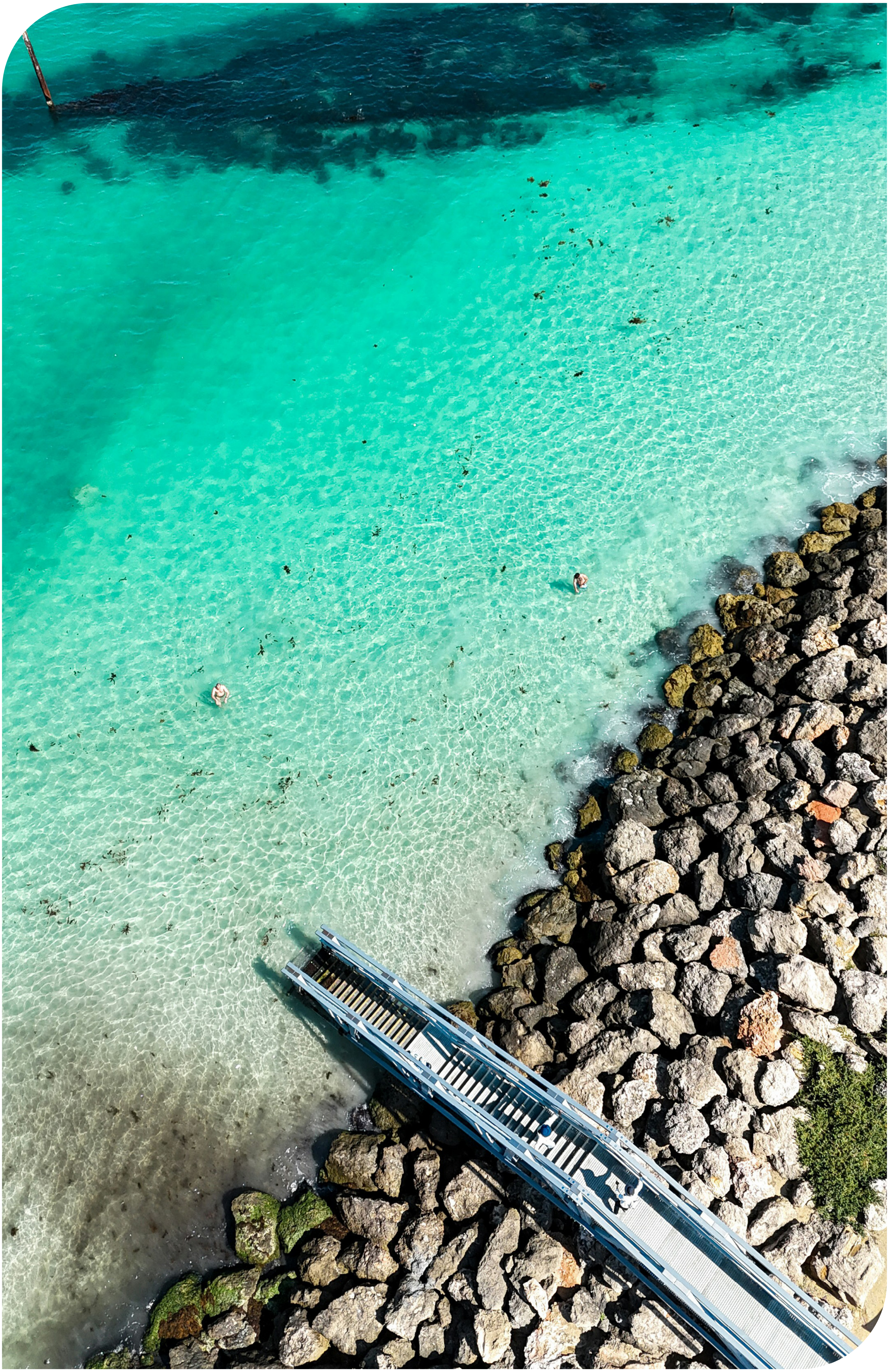

Glossary

Concessional contributions: Before-tax contributions to superannuation. These include employer contributions, salary sacrifice contributions, and personal contributions you claim as a tax deduction. Capped annually at $30,000 (as at 2024–25).

Carry-forward concessional contributions: Unused concessional cap amounts from up to five previous years that can be "carried forward" if your total super balance is under $500,000. Helps maximise deductions in high-income years.

Non-concessional contributions: After-tax contributions made to super. Capped at $120,000 per year (as at 2024–25), or up to $360,000 under the bring-forward arrangement if eligible.

Bring-forward rule: Allows eligible individuals under age 75 with a total super balance under $1.66 million to contribute up to three years of non-concessional contributions in one go (i.e. $360,000 in 2024–25).

Total super balance (TSB): The total value of all your super accounts as at 30 June of the previous financial year. Used to determine eligibility for various contribution rules.

Transfer balance cap: A lifetime limit on the amount of super that can be transferred into a retirement phase income stream. It affects tax treatment of earnings.

Division 100A: Tax legislation allowing the ATO to cancel trust distributions it considers "reimbursement agreements" where a beneficiary is allocated income but another party receives the benefit.

Franking credits: Tax credits passed to shareholders when companies pay dividends from taxed profits. Can reduce the overall tax payable on dividend income.

Reversionary income stream: A superannuation income stream that automatically continues to a nominated beneficiary (often a spouse) when the member dies, without triggering a lump sum payout.

Superannuation death benefit: A payment made from a super fund to a beneficiary or estate after the member's death. If paid to a non-dependent, it may be taxed up to 17%.

Private Ancillary Fund (PAF): A structured charitable trust allowing individuals or families to make tax-deductible donations, invest the funds, and distribute income to charities over time.

Bucket company: A company used as a beneficiary of a trust to retain income and reduce tax in high-income years, often taxed at the corporate rate. Future extraction of funds may have tax implications.

Capital Gains Tax (CGT): Tax on the profit made from selling assets such as property or shares. Various discounts or exemptions may apply depending on how long you've held the asset and your personal situation.

Small business CGT concessions: A set of tax concessions that reduce or eliminate capital gains tax on the sale of active business assets, subject to strict eligibility criteria.

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