pilot

Directions

Volume 72, September 2026

PAGE 2
AI Governance and Risk Management Considerations

PAGE 3
Brisbane 2032: Business Opportunities and Tax Risks
News & Insights

PAGE 4
Welcome to the team
Congratulations
Socials & events

Editorial Note

Welcome to the latest edition of the Pilot Directions newsletter.

As we move through the second half of 2026, the operating environment for Australian businesses continues to evolve against a backdrop of economic uncertainty, cost pressures, changing tax and regulatory settings, and the opportunities - and risks - presented by technology and Artificial Intelligence (AI).

As many of our clients and connections would know, the rapid growth of AI is becoming less of a future discussion and more of a business reality. Organisations are exploring both the opportunities AI presents and the governance, risk and cybersecurity considerations that accompany it.

Our first article this edition discusses AI adoption, predominantly in the context of business governance and risk considerations. Our Risk Advisory experts provide their insights and guidance on developing a robust AI strategy that promotes accountability while ensuring the business retains appropriate oversight and control.

With the Brisbane 2032 Olympic & Paralympic Games less than six years away, we also explore the opportunities, tax risks, and complexities for entities to consider when looking to enter the Australian market.

Our 'News & Insights' section provides the latest news and updates on a number of topics we trust you will find useful and interesting.

We hope you enjoy this edition.

MURRAY HOWLETT

AI Governance and Risk Management Considerations

AI is no longer a future consideration. It is already embedded in many of the software applications businesses use every day and is increasingly being used by employees to draft reports, analyse data, prepare forecasts, summarise contracts and automate routine tasks.

While AI offers significant productivity benefits, its rapid adoption is creating new risks. In many organisations, the use of AI is advancing faster than the policies, controls and governance frameworks needed to manage it.

Finance functions are natural candidates for early AI adoption because many of their activities involve analysing information, identifying patterns and producing reports. This also means that finance functions may be exposed to greater risks if AI is used incorrectly, particularly where decisions rely upon financial information, forecasts or accounting judgements.

The question for business owners and directors is therefore no longer whether their organisation will use AI. It is whether they know where and how it is being used, and whether appropriate controls are in place.

The risks may not be obvious

AI can produce responses that appear authoritative and convincing but are incomplete, inaccurate or simply wrong. For example, an AI tool may produce a seemingly reasonable cash flow forecast, financial analysis or proposed accounting treatment while overlooking a critical assumption or regulatory requirement. An incorrect output could compromise the reliability of financial information underpinning important business and financial decisions. The consequences may extend beyond the numbers to regulatory exposure, reputational damage and reduced stakeholder confidence.

There are also significant privacy and confidentiality risks. Employees may upload customer information, payroll data, contracts, financial results or other sensitive information into publicly available AI tools without understanding how that information will be stored or used.

Other potential risks include:

- decisions being made without adequate human review;
- an inability to explain, validate or reproduce an AI-generated analysis;
- reliance on outdated, incomplete or biased information;
- critical business processes becoming dependent on a third-party AI provider;
- inadequate records of how a calculation or conclusion was reached; and
- existing approval and segregation-of-duties controls being bypassed.

These risks do not necessarily arise because employees are acting irresponsibly. In many cases, they simply have not been given clear guidance about what is and is not permitted. Directors and management remain responsible for decisions made within the organisation, including decisions informed by AI. The use of AI does not remove existing obligations relating to governance, risk management, privacy, cybersecurity or financial reporting.

Continue this article - page 2 ›

Continued:

AI Governance and Risk Management Considerations

Start by understanding current use

Before developing a detailed AI strategy, businesses should first establish how AI is already being used. Some basic questions include:

1. Which AI tools are employees currently using?
2. What information is being entered into those tools?
3. Which business processes and decisions are being influenced by AI-generated output?
4. Who reviews that output before it is relied upon?
5. Are AI tools embedded in existing accounting, payroll, customer relationship management or operational systems?
6. What would happen if a critical AI tool became unavailable or produced an incorrect result?

An AI register can provide a useful starting point. Businesses are often surprised by how many AI-enabled tools already exist within their operations. An AI register should record each AI system or tool, how it is used, the information it accesses, the person responsible for it and the level of risk associated with its use.

Not every use of AI requires the same level of control. Using AI to prepare a first draft of an internal email is very different from using it to generate a cash flow forecast, assess a customer's creditworthiness or recommend supplier payments. Governance should be proportionate to the potential consequences if something goes wrong.

What does good AI governance look like?

The Australian Government's Guidance for AI Adoption identifies six essential practices: assigning accountability, understanding impacts, managing risks, sharing essential information, testing and monitoring, and maintaining human control.

Importantly, AI governance does not require an entirely new approach to risk management. Many of the same principles already applied to financial controls, delegations, information security and operational risk can also be applied to AI.

For most businesses, a practical AI governance framework should include the following.

Assign responsibility

A senior person should be accountable for AI governance across the organisation. Responsibility should also be assigned for each significant AI system or use case.

Establish a clear policy

Employees need practical guidance on approved tools, acceptable uses, prohibited information and when human review is required. A policy that is too broad or restrictive may simply drive AI use underground.

Protect sensitive information

Personal, commercially sensitive or confidential information should not be entered into an AI tool unless the organisation understands and has approved how the information will be stored, processed and protected.

Maintain human oversight

AI should support rather than replace professional judgement. Material calculations, reports, accounting conclusions and business decisions should remain subject to appropriate review and approval.

Preserve existing controls

AI should not be allowed to circumvent established delegations, approval limits or segregation of duties. For example, a tool that prepares a journal entry, changes supplier details or recommends a payment should not also be able to approve that action.

Test and monitor

An AI system should be tested before it is introduced and monitored after implementation. Businesses should consider whether outputs remain accurate, whether the system's behaviour has changed and whether new risks have emerged.

Govern AI without preventing innovation

The objective should not be to prevent the use of AI. An outright prohibition may result in employees using unapproved tools without management's knowledge, creating even greater risk.

AI can be a valuable business tool, but it should not become an uncontrolled decision-maker. Organisations remain accountable for their information, systems and decisions, regardless of whether AI was involved. Good governance allows businesses to access the benefits of AI while managing the associated risks in a controlled and defensible manner.

Contact Pilot

AI governance is a rapidly developing area. If you would like assistance assessing how AI is being used within your organisation, identifying the associated risks or developing practical policies and controls, contact our Risk Advisory specialists, **Terence Brueton**, **Chris King** or **Daniel Gill** on **(07) 3023 1300.**

Brisbane 2032: Business Opportunities and Tax Risks

With the Brisbane 2032 Olympic and Paralympic Games fast approaching, Queensland is increasingly attracting the attention of overseas businesses looking to establish a presence in Australia prior to the opening ceremony.

Whether it is a construction company bidding for infrastructure projects, a technology provider supporting major events, or a professional services firm following its clients into the market, Australia presents significant opportunities. However, businesses expanding into Australia should be aware that Australian tax obligations can arise sooner than many expect. Without appropriate planning and advice, significant and unexpected liabilities can arise – leaving a nasty sunburn!

Coming to Australia – how much should we pack?

One of the first questions overseas businesses should consider before coming to Australia is whether their activities create a permanent establishment (PE) here. Common triggers for Australian PEs include where a business has a fixed place of business in Australia, or where employees have "boots on the ground". If a PE exists, Australia may have taxing rights over profits attributable to the Australian operations – this can get complicated quickly.

An alternative to a PE is to establish an Australian subsidiary entity. Pilot Partners regularly assists businesses coming to Australia with their structuring considerations, to find the most appropriate structure for their group. Our focus is on ensuring that the corporate structure achieves an optimal global tax outcome for the group, whilst minimising tax risks.

Employment tax headaches – sunscreen required!

Employment tax obligations are commonly misunderstood and present a major risk area for foreign businesses coming to Australia. These obligations can include PAYG withholding, Fringe Benefits Tax (FBT), superannuation, payroll tax and workers compensation requirements.

If handled incorrectly, Company Directors can be made personally liable for a number of employment-related obligations.

Goods and Services Tax (GST)

Businesses making supplies connected with Australia may be required to register for and remit GST to the Australian Taxation Office (ATO). Even businesses located offshore can have GST obligations in Australia, particularly in relation to sales made to Australian consumers.

Data, Data, Data – more than just an arrival card

For larger groups, Australia has significantly increased its international tax reporting requirements in recent years. Large global businesses may be required to undertake annual Country-by-Country (CbC) reporting with the ATO. In addition, certain multinational groups are now subject to Australia's enhanced public CbC reporting regime. This means that information regarding revenues, profits, tax paid, structures and activities may become publicly available for affected groups.

Similarly, the introduction of the OECD's Pillar Two global minimum tax rules has added a further layer of complexity for large businesses. While these rules generally affect large multinational groups, compliance often requires significant planning, data collection and modelling before reporting deadlines arise.

Further, international related-party dealings remain a key area of focus for the ATO. Businesses transacting with foreign related-parties may be required to disclose the nature of these dealings to the ATO, together with the extent of appropriate transfer pricing documentation held in respect of the transactions.

Considerations for individuals

The cross-border considerations don't end with the business itself. Individuals coming to Australia for an extended period of time should consider their own tax residency status. For those executives and tourists who choose to put down roots in South-East Queensland, becoming a tax resident of Australia will have implications for their foreign assets and income streams – which will be brought into the Australian tax net from the time their tax residency commences. Proactive planning leads to the smoothest transitions in these cases.

How Pilot can help

The arrival of the Olympics in Brisbane presents a huge business and investment opportunity. Early tax and structuring advice can help avoid costly surprises and ensure that opportunities are not overshadowed by compliance issues.

Pilot Partners' Taxation Advisory team has a long history of assisting in-bound and out-bound businesses, their executives, and family groups understand and comply with their cross-border taxation obligations in Australia.

Contact Pilot

For further information or assistance with cross-border tax matters, contact **Tom Howard** on **thoward@pilotpartners.com.au** or your **Pilot Advisor** on **(07) 3023 1300.**

News & Insights

ASSET VALUATION TIMING

With the new capital gains tax (CGT) rules commencing from 1 July 2027, asset holders, including business owners, are considering how to establish the market value of affected assets at 30 June 2027 to preserve the benefit of the current CGT regime for gains accrued up to that date. While there has been speculation in the media that obtaining valuations may become difficult due to increased demand prior to 1 July 2027, a valuation generally does not need to be obtained on that date and can often be completed later, right up to the time of completion of the relevant tax return in which the gain is reported. For business assets, valuations frequently rely on financial information that may not be available until after year-end when financial statements are prepared. Maintaining appropriate records, which may include photographs and other supporting documentation for tangible assets, to demonstrate an asset's value and condition at 30 June 2027 is important, as this may help support any future valuation exercise and reduce potential disputes with the Australian Taxation Office (ATO).

BUSINESS INSOLVENCY REFORMS

Australia's insolvency reform agenda has been put on hold, with the Federal Government confirming it will defer consideration of proposed insolvency law changes until the Productivity Commission completes its inquiry into business dynamism. The parliamentary committee that reviewed Australia's insolvency framework found the current system to be overly complex, costly, and difficult to navigate, recommending both a comprehensive review and a range of near-term reforms. While the Government supports many of the recommendations in principle, it has opted to consider them as part of a broader review of the regulatory barriers affecting Australian businesses. For businesses facing financial pressures or considering restructuring options, this means that existing insolvency and restructuring frameworks will remain in place for the foreseeable future. If you would like to discuss any of the current options or have any questions, Pilot Partners' Restructuring team can assist businesses to navigate financial challenges, evaluate restructuring opportunities, and make informed decisions in an evolving regulatory environment.

Welcome to the team

Pilot welcomes the following new team members.

This quarter we welcomed a number of new team members.

Ryan Ellis joined Pilot as an Undergraduate Accountant in the Business Advisory team.

Febryala Walekwate joined us as an Undergraduate Accountant in the Corporate Advisory team.

Bryant Li joined us as Financial Accountant in the Accounts and Administration team.

Congratulations

Congratulations to **Alyssa** and **Bailey** who both completed their Chartered Accountants (CA) studies this quarter, attaining the Graduate Diploma of Chartered Accounting. Well done on this hard-earned achievement.

This quarter we were delighted to welcome two beautiful babies into the Pilot family. Congratulations to **Kevin Duong** and his wife Rose on the arrival of their baby boy Hudson, and **Sandra Furnari** and her husband Kris on the arrival of their baby boy Nico.

Happy 10-year Pilot anniversary to **Zoe Lightbody** from our Corporate Advisory team. Thank you for your dedication, leadership and the enthusiasm you bring to your role, and for your contributions over the past decade, all of which are truly appreciated. Congratulations on reaching this significant milestone!

Happy 5-year Pilot anniversary and congratulations to **Sally Cains** from our Business Advisory team. Thank you for everything you do for your team and the firm, and for your energy, humour and can-do attitude that make a huge difference every day.

Baby Hudson

Baby Nico

Socials & Events

Brisbane Marathon

EOFY Party

EOFY Party

New Partner Event

New Partner Event

New Partner Event

pilot

Member of Nexia

Level 10, One Eagle
1 Eagle Street Brisbane QLD
4000 Australia

PO Box 7095
Brisbane QLD 4001
Australia

+61 7 3023 1300

info@pilotpartners.com.au

DISCLAIMER: This publication contains general information only and is not intended to constitute financial advice. Any information provided or conclusions made, whether expressed or implied, do not take into account individual circumstances. It should not be relied upon as a substitute for professional advice. Pilot is a trade mark of Pilot Partners Pty Ltd ACN 105 267 061 ABN 58 144 064 946 Liability limited by a scheme approved under Professional Standards Legislation. Nexia International is a worldwide network of independent accounting and consulting firms.