

# What you need to know.

*A summary of what's changing and why it matters.*

## AT A GLANCE

### The headlines from 2026 Federal Budget

AREA	CHANGE	EFFECTIVE
Capital Gains Tax	50% discount replaced with inflation-based discount; minimum 30% tax on gains	1 July 2027
Negative Gearing	Unavailable for established residential property bought after 7.30 pm AEST on 12 May 2026	1 July 2027
Discretionary Trusts	New 30% minimum tax paid by trustees	1 July 2028
Personal Tax Cuts	Lowest MTR drops to 15%, then 14%**	1 July 2026 / 2027
Work Expenses	\$1,000 instant deduction without receipts	1 July 2026
Working Australians Tax Offset	\$250 non-refundable offset for working income	1 July 2027
Small Business	\$20,000 instant asset write-off made permanent	1 July 2026
Superannuation (Div 296)	Extra tax on balances over \$3m (already legislated)	1 July 2026
Low Income Super Tax Offset	Maximum amount and income threshold increase	1 July 2027
Aged Care	\$3.7bn boost; no fees for personal care under Support at Home	1 October 2026
Private Health Rebate	Higher rebate for older Australians reduced to standard rate	1 April 2027

## PREPARED BY

**Astrid Lynch**

Senior Financial Adviser, Pride Advice

## HOW YOUR GAINS ARE TAXED

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# If you are an investor or if you use a discretionary trust



## Capital gains tax

FROM 1 JULY 2027

The 50% CGT discount is being replaced with an **inflation-based discount**. The reforms apply to **all assets** — shares, ETFs and property alike — and will also affect pre-CGT assets sold after 1 July 2027.

The changes are prospective. For assets acquired before 1 July 2027 and sold after that date, a split treatment will apply:

- **Pre-1 July 2027 gains:** the existing 50% CGT discount will continue to apply to the portion of the gain accrued before that date.
- **Post-1 July 2027 gains:** the new indexation model and 30% minimum tax will apply to the portion of the gain accruing from 1 July 2027.

## Negative gearing

FROM 1 JULY 2027

Negative gearing will be **unavailable for established residential property** acquired from 7.30pm AEST on 12 May 2026. Property acquired between these dates can be negatively geared up to 30 June 2027 — but not after.

### What this means

Rental losses cannot reduce other taxable income, but they can be carried forward to offset future residential property income — including capital gains on that property.

## Taxation on trusts

FROM 1 JULY 2028

Discretionary trusts will face a new **30% minimum tax**, paid by trustees who control distributions. Beneficiaries still declare the income in their returns; non-corporate beneficiaries receive non-refundable credits for the trustee tax to offset their own liability.

ALREADY LEGISLATED VS. YET TO COME

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# If you're a worker or business owner



## Small business asset write-off

FROM 1 JULY 2026

The instant asset write-off threshold of **\$20,000 will be made permanent**, giving small businesses ongoing certainty on capital expenditure.

## Working Australians tax offset (WATO)

FROM 1 JULY 2027

A new **\$250 non-refundable offset** for working income — salary, wages, or sole-trader business income. Not means-tested, available regardless of age, and permanent. Applies in addition to the legislated personal income tax cuts.

SPOTLIGHT

## \$1,000 instant tax deduction

FROM 1 JULY 2026

A flat \$1,000 deduction for work-related expenses — **no receipts required** — for tax residents receiving labour income. You can still claim above \$1,000 with evidence. Items like charitable giving, union or trade fees, and professional memberships sit outside the cap and remain deductible.

Note: you can't simultaneously claim the \$1,000 deduction *and* a work-from-home deduction using the ATO's fixed-rate or actual-cost methods.

## Personal income tax cuts

ALREADY LEGISLATED · 1 JULY 2026

The lowest marginal rate (taxable income \$18,201–\$45,000) drops from 16% to **15% from 1 July 2026**, then to **14% from 1 July 2027**. Other rates and thresholds are unchanged.

Threshold (AUD)	2024–25 & 2025–26	2026–27	2027–28
0 – 18,200	Tax free	Tax free	Tax free
18,201 – 45,000	16%	<b>15%</b>	<b>14%</b>
45,001 – 135,000	30%	30%	30%
135,001 – 190,000	37%	37%	37%
> 190,000	45%	45%	45%

## UPDATES TO ALREADY LEGISLATED CHANGES

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## If you have a large super balance



No new super measures were announced – but the Budget acknowledges several already-legislated changes that take effect this year.

### Division 296 – additional super tax

FROM 1 JULY 2026

An **additional personal tax** levied on the proportion of super earnings above the large super balance thresholds. Existing tax arrangements on super earnings remain unchanged. The tax is assessed to individuals (not the fund), with the choice to pay personally or release the amount from super. First assessments will issue after 30 June 2027.

Total super balance	Division 296 tax rate
Up to \$3 million	Nil
Above the large super balance (\$3m in 2026/27)	<b>15%</b>
Above the very large super balance (\$10m in 2026/27)	<b>An additional 10%</b> (total 25%)

### Low Income Super Tax Offset (LISTO)

FROM 1 JULY 2027

The LISTO maximum and income eligibility threshold are both rising. LISTO is automatically determined by the ATO and paid directly into the recipient's super fund.

	Current	From 1 July 2027
LISTO maximum	\$500	<b>\$810</b>
Cut-out income threshold	\$37,000	<b>\$45,000</b>

### Payday Super

FROM 1 JULY 2026

Employers will generally need to pay Super Guarantee contributions **at the same time as salary and wages**, rather than quarterly. The change aims to make it easier for employees to monitor their SG entitlements and to reduce non-compliance.

## HIGH LEVEL ITEMS

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# If you support older parents or loved ones with disability



## Aged care

A **\$3.7 billion boost** to the aged-care sector — increasing the supply of residential aged-care accommodation, accelerating the release of Support at Home packages, and enhancing the quality and affordability of services.

## NDIS

The government will tighten NDIS eligibility and compliance — reverting to "original intent" by clarifying eligibility, slowing rapid cost increases, and addressing fraud, while continuing to deliver quality services.

## Private health insurance rebate

FROM 1 APRIL 2027

The higher rates of private health insurance rebate for older Australians will reduce to the **standard rate**, regardless of age. Income tiers will still apply.

## Medicare levy low income thresholds increased

For the 2025/26 financial year, the Medicare levy low-income thresholds will increase by 2.9% for singles, families and pensioners. More low-income individuals and families may continue to pay no Medicare levy, or pay a reduced amount, which may help with cost of living pressures.

## What if one conversation could change your financial future?

### WHERE WE CAN ASSIST

- Reviewing investment property structures ahead of 1 July 2027
- Assessing whether to restructure out of a discretionary trust before 30 June 2030
- Valuing assets as at 1 July 2027 for CGT transitional purposes
- Understanding the impact on your business tax planning
- Reviewing salary packaging arrangements for electric vehicles

If you would like to discuss how these measures may impact your circumstances, please reach out to our team.

LET'S TALK.

# Advice is helping you create a future to be proud of.

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## ADELAIDE

Pride Advice  
admin@prideadvice.com.au  
420 King William St,  
Adelaide SA 5000  
(08) 8168 8450  
prideadvice.com.au

## SYDNEY

Pride Advice  
admin@prideadvice.com.au  
Level 10, 88 Phillip St,  
Sydney NSW 2000  
(02) 8029 9066  
prideadvice.com.au

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