2026 - 27
FEDERAL BUDGET

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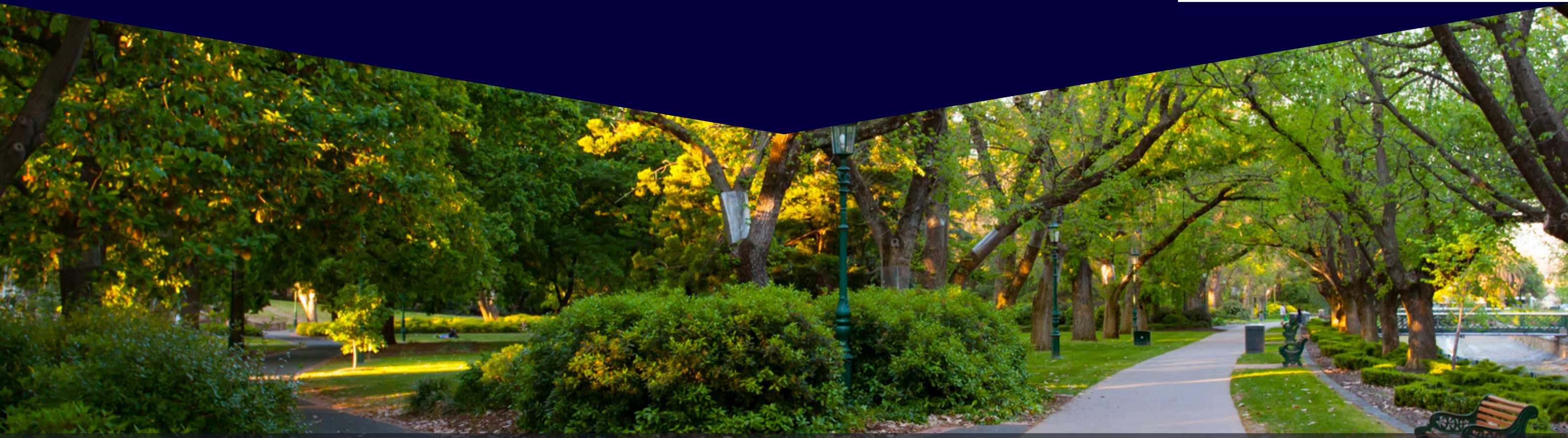

ON TUESDAY, 13TH MAY 2026, THE TREASURER, JIM CHALMERS, RELEASED THE GOVERNMENT'S 2026-27 BUDGET.

This summary highlights the main Budget announcements most likely to affect individuals, families, investors, retirees and small business. Most measures still need to pass Parliament, so the final law and start dates may change.

Key takeaways

- Workers are set to receive further income tax relief through a proposed $1,000 instant work-related deduction from 1 July 2026, and a proposed $250 Working Australians Tax Offset from 1 July 2027.
- Major property tax changes were announced. From 1 July 2027, negative gearing for residential property is proposed to be limited to new builds, while the 50% capital gains tax discount is proposed to be replaced with CPI-based indexation and a 30% minimum tax on capital gains for individuals, trusts and partnerships.
- Discretionary trusts are proposed to face a 30% minimum tax from 1 July 2028, with some exclusions and rollover relief for certain restructures.

For many working households, the main short-term benefit is likely to be modest tax relief and a simpler deduction process for smaller work-related claims.

For Venture clients who may be affected by proposed changes to capital gains tax, negative gearing and discretionary trusts, your adviser will work through your individual circumstances to assess the potential impact and identify any actions you may need to take.

Before making any significant changes to your investments or structures, please note these measures are proposals only and not yet final legislation. As further detail becomes available, your adviser is best placed to discuss the impacts and any opportunities with you to help ensure the best decisions are made.

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Personal tax and cost-of-living measures

Personal Income Tax

The Budget builds on previously legislated tax cuts. From 1 July 2026, the tax rate applying to taxable income between $18,201 and $45,000 is scheduled to fall from 16% to 15%, and then to 14% from 1 July 2027. In addition, the Government announced:

- A new instant tax deduction of up to $1,000 for work-related expenses is proposed from 1 July 2026, allowing many employees and sole traders to claim without receipts, provided the claim does not exceed the threshold.
- A new Working Australians Tax Offset of up to $250 per year is also proposed from 1 July 2027.

The Medicare Levy low-income thresholds are also proposed to increase for 2025–26, which may slightly reduce levy costs for lower-income singles, families, seniors and pensioners. Overall, these measures are intended to provide some cost-of-living relief, although the dollar benefit will vary depending on income, work-related deductions and household circumstances.

Property, investing and trusts

The most significant structural tax changes in this Budget relate to property and investment taxation. **Negative Gearing:** From 1 July 2027, the Government proposes to limit negative gearing for residential property to new builds. For established residential properties purchased after Budget night, losses would generally only be deductible against residential property income, with unused losses carried forward for future use. Existing properties held before the announcement are proposed to remain under the current rules.

Capital Gains Tax: The Government also announced a major capital gains tax reform from 1 July 2027. The current 50% discount for individuals, trusts and partnerships is proposed to be replaced with CPI-based cost base indexation plus a 30% minimum tax on capital gains. These changes are intended to apply only to gains accruing from that date, and investors in new residential builds are expected to be able to choose between the existing discount and the new method. The main residence exemption is proposed to remain unchanged, and superannuation funds are not expected to be affected by these CGT changes.

Descretionary Trusts: For families and business owners using discretionary trusts, a 30% minimum tax is proposed from 1 July 2028, although several types of trusts and some categories of income are expected to be excluded. Transitional rollover relief is also proposed for a limited period to help those who may wish to restructure out of a discretionary trust.

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Superannuation and retirement planning

The Budget also reinforces several superannuation changes already scheduled to take effect from 1 July 2026. Contribution caps are expected to increase, with the **concessional cap rising to $32,500** and the **non-concessional cap rising to $130,000**. The general transfer balance cap is expected to increase to $2.1 million. These changes may create additional contribution opportunities for some clients.

Other previously announced measures still in focus include the commencement of Division 296 tax on large super balances from 1 July 2026 and the move to paying Superannuation Guarantee contributions closer to payday. For clients nearing retirement, making large contributions, or managing balances near key thresholds, these rules may warrant a fresh review of contribution timing and retirement income strategies.

Small business measures

For small business owners, the headline measure is the proposed permanent extension of the $20,000 instant asset write-off from 1 July 2026 for businesses with turnover under $10 million. Eligible companies with turnover under $1 billion are also proposed to regain access to a two-year loss carry-back from 1 July 2026, while start-up companies may benefit from a refundable offset for early tax losses from 1 July 2028.

These business measures may be particularly relevant for clients operating through companies, investing in equipment, or planning growth. However, the detailed eligibility rules will matter, so business owners should consider tailored advice before making large purchase or restructuring decisions.

Aged care and health

The Budget includes additional funding to improve home care affordability, expand residential aged care capacity and support aged care system delivery. This may be positive for older Australians and families navigating care needs, particularly where access to services and bed availability have been ongoing concerns.

At the same time, the Government has proposed removing the higher private health insurance rebate for people aged 65 and over from 1 April 2027. If implemented, this could increase out-of-pocket premium costs for some retirees and older households, so it may be worth reviewing private health arrangements closer to that date.