

# Federal Budget 2026-27

## *Tax reform key dates*

### Summary of key dates for tax reform announced *in the Federal Budget 2026-27.*

#### Taxation of discretionary trusts

Measure	Effective date	Explanation
Minimum 30% tax on discretionary trust distributions	1 July 2028	30% tax liability payable by the trustee on all discretionary trust distributions. Beneficiaries (other than corporate beneficiaries) receive a non-refundable tax credit.

#### Capital Gains Tax (CGT) changes

Measure	Effective date	Explanation
Indexation of capital gains	From 1 July 2027	Capital gains for assets held for over 12 months will be calculated using the indexation method from this date (transitional rules apply).
30% minimum tax on capital gains of all assets, including pre-CGT assets	From 1 July 2027	Capital gains for individuals and trusts will be subject to a 30% minimum tax rate for all asset holders. Pre-CGT assets subject to 30% minimum tax on gains accrued from 1 July 2027.
Choice for new residential builds	From 1 July 2027	Choice between 50% discount or indexation to calculate net capital gains for new builds sold from 1 July 2027.

#### Negative gearing

Measure	Effective date	Explanation
Negative gearing exclusion for existing properties	From 7:30PM (AEST) on 12 May 2026	Negative gearing for residential properties will be disallowed for properties acquired after this date.
Negative gearing – losses	From 1 July 2027	Losses from established residential properties will only be deductible against rental income or capital gains from residential properties.
New residential properties	From 1 July 2027	Will continue to be eligible for negative gearing. However, the announcement does not clearly specify the relevant construction start or completion date.



## Business tax incentives

Measure	Effective date	Explanation
\$20,000 Instant Asset Write-Off	From 1 July 2026	The immediate write-off of assets costing less than \$20,000 for small business will be made permanent.
PAYG instalment changes	From 1 July 2027	Expanded access to simplified monthly PAYG instalments.
Expanded roll-over relief for discretionary trusts	1 July 2027 to 30 June 2030	Easier to access tax relief for discretionary trusts to roll-over into other structures (such as companies).
Loss carry-back	From 1 July 2026	Companies with aggregated annual global turnover of less than \$1 billion will be able to carry back a tax loss and offset it against tax paid in the prior two income years. Loss carry-back will be limited by a company's franking account balance.
Refundable tax offsets for losses of small start-ups	From 1 July 2028	Start-up companies with aggregated annual turnover of less than \$10 million that generate a tax loss in their first two years of operation will be able to utilise the loss to generate a refundable tax offset, subject to a cap based on FBT and PAYG paid for Australian losses for the loss year.

## Individual tax measures

Measure	Effective date	Explanation
Instant \$1,000 tax deduction	From 1 July 2026	\$1,000 instant tax deduction for work related expenses of individual taxpayers earning income from labour.
\$250 Working Australians Tax Offset	From 1 July 2027	\$250 permanent annual tax offset for Australian resident individuals for income derived from work, such as wages and salaries, and business income of sole traders.
Increased Medicare Levy low-income threshold	From 1 July 2025	Medicare Levy threshold is increased by 2.9% for singles, families and seniors from 1 July 2025.

## Foreign resident Capital Gains Tax

Measure	Effective date	Explanation
Foreign resident CGT – renewables concession	From commencement until 30 June 2030	Transitional arrangements providing a 50% CGT discount for foreign residents extended until 30 June 2030 for disposal of certain renewable energy assets.
Changes to real property definition and principal asset test	Prospective from after Royal Assent	Definition of taxable Australian real property expanded to cover a broader range of assets. Principal asset test for indirect interests expanded from a point-in-time test to a 365-day test.
Changes to real property definition (State/Territory severance)	Retrospective (from 12 December 2006)	Definition of "real property" to be set by Commonwealth Law rather than state and territory laws.

## Fringe Benefits Tax (FBT) & Electric Vehicles

Measure	Effective date	Explanation
Electric vehicle FBT discount reduced to 25%	From 1 April 2029	Electric vehicles provided after 1 April 2029 to receive a 25% discount on FBT. Existing electric vehicle arrangements to retain the FBT discount rate applicable at the commencement of the arrangement.
FBT discount for electric vehicles valued less than \$75,000 – transitional rule	Until 1 April 2029	FBT rate for electric vehicles valued less than \$75,000 and provided before 1 April 2029 to be grandfathered.
FBT discount for electric vehicles valued greater than the Luxury Car Tax (LCT) threshold – transitional rule	1 April 2027 – 31 March 2029	Electric vehicles valued greater than \$75,000 but less than the fuel-efficient LCT threshold, provided between 1 April 2027 and 31 March 2029, to receive a 25% FBT discount.
Full electric vehicle FBT exemption ceases	1 April 2029	For electric vehicles up to \$75,000.



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## Research and Development tax incentive

Measure	Effective date	Explanation
Research and Development Tax Incentive (R&DTI) Reforms	From 1 July 2028	Reforms to target R&DTI to higher-value and more intensive R&D activities. Increases the turnover threshold from \$20m to \$50m for higher (refundable) offsets. Removes eligibility for supporting R&D expenditure.

## Pillar Two

Measure	Effective date	Explanation
Pillar Two – global minimum tax	From 1 January 2026	Amendments to Australia's global and domestic minimum tax legislation to implement the side-by-side package agreed by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting.

## Venture capital

Measure	Effective date	Explanation
Existing eligible venture capital investor program closed	From 7:30pm (AEST) on 12 May 2026	Existing program closed to new applications, replaced by new program from 1 July 2027.
Venture capital tax incentives expansion	From 1 July 2027	Expanded access to venture capital tax incentives.

## Other measures

Measure	Effective date	Explanation
Temporary fuel excise reduction	1 April – 30 June 2026	Temporary reduction to the excise and excise-equivalent customs duty rates (excise rates) applying to most fuel products and the road user charge for heavy vehicles.
Passenger Movement Charge increase	From 1 January 2027	Increase in the Passenger Movement Charge by \$10, from \$70 to \$80 per passenger.

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