







BUDGET 2026 EDITION

+2.7%
+1.9%
+3.4%

BUDGET PRIORITIES

-  Cost of Living
-  Productivity
-  Health
-  Education
-  Infrastructure
-  Housing

TOWARDS A
STRONGER
AUSTRALIA

AUSTRAL ACCOUNTANTS

info@australaccountants.com.au

1300 260 360

138 Juliette Street
Greenslopes
QLD 4120

Level 21 207 Kent Street,
Sydney
NSW 2000

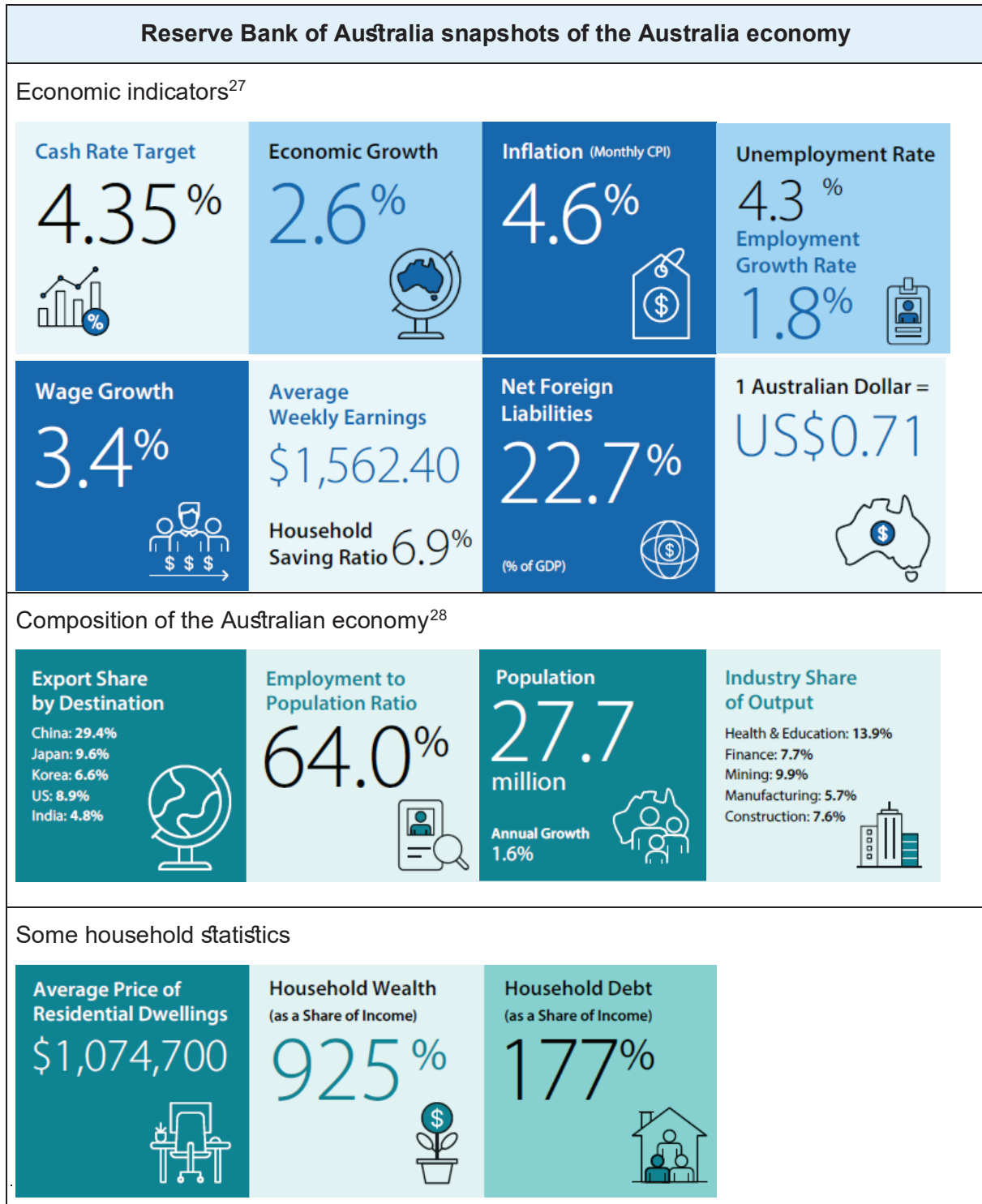
FISCAL
OUTLOOK

78%



RBA Snapshots of the Economic Landscapes

At 7 May 2026











Extracted from RBA, [Key Economic Indicators Snapshot](#) 7 May 2026, Viewed 8 May 2026.

Extracted from RBA, [Composition of the Australian Economy Snapshot](#) 7 May 2026, Viewed 8 May 2026.



Budget Snapshot

 <p>Capital Gains Tax</p> <p>CGT overhaul from 1 July 2027, 50% discount replaced with indexation 30% minimum tax on capital gains.</p>	 <p>Trusts</p> <p>Trust income taxed at 30% minimum applies from 1 July 2028.</p>	 <p>Property Investors</p> <p>Negative gearing on residential property limited to new builds applies from 1 July 2027.</p>	 <p>Individual Tax Relief</p> <p>\$250 offset and \$1,000 automatic deduction Modest relief for workers.</p>
 <p>Small Business</p> <p>\$20K instant asset write-off now permanent and loss carry-back regime returns.</p>	 <p>Permanent FBT Discount Rate</p> <p>From 1 April 2029 permanent 25% discount on FBT will be available on all EV value upto & including fuel-efficient LCT threshold.</p>	 <p>Innovation & Start-Ups</p> <p>Changes to the R&D tax incentive and refunding tax losses for certain start-ups.</p>	 <p>Making Tax Simpler</p> <p>From 1 July 2027, small & medium business will be able to opt in PAYG installments monthly.</p>



Disclaimer: The information in this factsheet is current as of 19th May 2026, and has been prepared by Austral Accountants (ABN 33 926 067 930). The views expressed in this factsheet are general information only, are provided in good faith to assist our clients, and should not be relied on as professional advice. The information is based on data supplied by third parties. While such data is believed to be accurate, it has not been independently verified and no warranties are given that it is complete, accurate, up to date or fit for the purpose for which it is required. Austral Accountants does not accept responsibility for any inaccuracy in such data and is not liable for any loss or damages arising either directly or indirectly as a result of reliance on, use of or inability to use any information provided in this factsheet. You should undertake your own research and to seek professional advice before making any decisions or relying on the information in this factsheet.



BUDGET HIGHLIGHTS

The Federal Government delivered its fifth budget, including many of the measures already anticipated by taxpayers and commentators. This is a summary of key measures.

Replacing the 50% CGT Discount with Indexation

- The 50% CGT discount is to be replaced with an inflation-adjusted indexation method from **1 July 2027** (subject to transitional arrangements). These changes will apply to **all assets (e.g. property, shares, business assets), including pre-CGT assets**, held by individuals, trusts and partnerships for more than 12 months.
- Transitional arrangements will limit the impact on existing investments by ensuring the changes **only apply to gains accruing on or after 1 July 2027**. The 50% CGT discount will continue to apply to gains that accrued before 1 July 2027.

E.g.: An individual purchased an asset in 2015 and sells it in 2030 (i.e. 15 years in total), the capital gain for the **first 12 years** from 2015 to 2027 would be calculated using the **50% CGT discount**, whereas the **last 3 years** from 2027 to 2030 would need to be worked out using **the indexation model**. (More details will be released by the Government in due course).

- Capital gains on **pre-CGT assets that accrued before 1 July 2027** will remain exempt from CGT.
- Assets that are **sold prior to 1 July 2027** will continue to be subject to the existing rules.



CGT Minimum 30% Rate

- A minimum 30% tax rate will now apply to realized gains (including those made from **pre1985 assets**) from 1 July 2027. This will not affect people whose capital gains are already taxed at rates of at least 30%.
- Furthermore, investors in **new residential properties** will be able to choose either:
 - The 50% CGT discount; or
 - Cost base indexation and the 30% minimum tax.
- Income support payment recipients, including Age Pension recipients, will be exempt from the minimum tax.





Minimum 30% Tax on Discretionary Trusts

- From **1 July 2028** a minimum rate of 30% will apply to the taxable incomes of discretionary trusts. However, this will not apply to other types of trusts listed below.

The other types of trusts (to which the new rates will not apply) include:

- Fixed and widely held trusts (including fixed testamentary trusts).
- Complying superannuation funds.
- Special disability trusts.
- Deceased estates.
- Charitable trusts.

Other exemptions include:

- Primary production income.
- Certain income relating to “vulnerable minors”.
- Amounts to which non-resident withholding tax applies.
- Income from assets of discretionary testamentary trusts existing at announcement.

- **Beneficiaries (other than corporate beneficiaries) will receive non-refundable tax credits in respect of the tax payable by the trustee.**
- The Government will provide **expanded rollover relief** for **three years from 1 July 2027** for small businesses and others that wish to restructure out of discretionary trusts into another type of entity, such as a company or fixed trust.



Negative Gearing for Residential Property Investments

- From **1 July 2027**, losses from **established residential properties** will only be deductible against **rental income or the capital gains** from residential properties. Excess losses will be carried forward and are able to be offset against residential property income in future years.
- These changes will apply to **established residential properties** acquired from **7:30 PM (AEST) on 12 May 2026**. Properties acquired prior to this time (including contracts entered into but not yet settled) will be exempt from the changes until disposal.
- **Eligible new builds** will be exempt from the changes.
- Properties in **superannuation funds** and **widely held trusts** will be excluded, alongside targeted exemptions for build-to-rent developments and private investors supporting government housing programs.



A New \$250 Working Australians Tax Offset (WATO)

- This new offset will apply from 1 July 2027 to all eligible Australian workers in respect of their income derived from work. It will provide a permanent annual **\$250 tax offset** to all eligible Australian workers, but only on incomes derived from work (i.e. wages, salaries and the business income of sole traders).
- The WATO effectively increases the tax-free threshold for such income to \$19,985 (or up to \$24,985 for workers eligible for the LITO (Low Income Tax Offset)). The offset will apply for the second half of the 2027 income year and will automatically reduce workers' tax liability for the 2027-28 income year.



Personal Income Tax Rates

- The Budget confirmed the already-legislated reduction in the resident personal income tax rate from 16% to 15% (which applies from 1 July 2026) and to 14% (from 1 July 2027) for the taxable income bracket from \$18,201 to \$45,000;

The tax rates and income thresholds for residents are as follows:

Taxable Income(\$)	2024-25 & 2025-26	2026-27	2027-28
0 – 18,200	0%	0%	0%
18,201 – 45,000	16%	15%	14%
45,001 – 135,000	30%	30%	30%
135,001 – 190,000	37%	37%	37%
190,001+	45%	45%	45%



\$1,000 Standard Deduction

- There will be a \$1,000 automatic deduction for work-related expenses for the 2026-27 financial year and following income years. The measure (originally announced on 13 April 2025 as part of Labor's 2025 election policy) will allow eligible taxpayers to use a simpler method to claim this standard deduction without needing to **incur or substantiate those work-related expenses**.

Permanent \$20K Instant Asset Write-Off for Small Businesses

- From 1 July 2026, the Government will permanently extend the \$20,000 instant asset write-off for small businesses with a turnover of less than \$10 million.
- Assets valued at \$20,000 or more can continue to be placed into the small business depreciation pool. The provisions that prevent small businesses from re-entering the simplified depreciation regime for five years after opting out will continue to be suspended until 30 June 2027.



Loss Carry-Back Regime

- This will be reintroduced from 1 July 2026 for certain businesses and start-ups. Therefore, from 1 July 2026, companies with **aggregated annual global turnover of less than \$1bn** will be able to carry back a tax loss and offset it against tax paid up to two years earlier. This will apply to revenue losses only and will be limited to the company's franking account balance.

Loss Refundability for Small Start-Up Companies

- The Government will also introduce loss refundability for **small start-up companies**. For tax years commencing on or after **1 July 2028**, start-up companies with aggregated annual turnovers of less than \$10m, which generate a tax loss in their first two years of operation will be able to utilise that loss to generate a **refundable tax offset**.
- The offset will be limited to the value of FBT and withholding tax on wages paid in respect of Australian employees in the loss year.





Reducing the FBT Concession for Electric Cars

- From **1 April 2029**, a permanent **25% discount** on FBT will be available for all electric cars valued up to and including the fuel-efficient luxury car tax threshold, implemented through a **15% rate in the statutory formula**. The following transitional arrangements will apply:
- All eligible electric cars will retain the FBT discount rate that was in place when the arrangement commenced.
- All electric cars valued up to and including \$75,000 that are provided before 1 April 2029 will continue to be eligible for a **100% discount** on FBT, implemented through a 0% rate in the statutory formula.
- **Electric cars valued above \$75,000** and up to and including the fuel-efficient luxury car tax threshold that are provided between 1 April 2027 and 1 April 2029 will be eligible for a 25% discount on FBT, implemented through a 15% rate in the FBT statutory formula.
- The existing 20% statutory rate will continue to apply for all other cars, including electric cars costing more than the fuel-efficient luxury car tax threshold.
- Reportable fringe benefits will continue to be determined for eligible electric cars as if a 20% FBT statutory formula rate or cost basis method is applied.



R&D Tax Incentives

From **1 July 2028**, the Government intends to:

- Increase the offset for core R&D expenditure from 25% to 50%, through a 4.5% percentage point increase in core R&D offset rates.
- Reduce the intensity threshold from 2% to 1.5%, to enable more firms that engage in substantial core R&D to qualify for the higher offset rates.
- Remove eligibility of supporting R&D expenditure (e.g. literature review and equipment maintenance) for the R&DTI.
- Enable growing firms to retain access to the refundable tax offset for longer by increasing the turnover threshold for the highest offset rate from \$20m to \$50m.
- For firms below the \$50m turnover threshold, maintain older firms' eligibility for the higher offset rate while limiting refundability to firms under 10 years of age.
- Lift the maximum R&DTI expenditure threshold from \$150m to \$200m.
- Improve assurance on smaller claims by lifting the minimum expenditure threshold from \$20,000 to \$50,000 (with research activities valued below this amount required to be undertaken with a registered Research Service Provider or Cooperative Research Centre) to be eligible for the R&DTI.



AUSTRAL ACCOUNTANTS



1300 260 360



info@australaccountants.com.au



138 Juliette Street, Greenslopes
QLD 4120



Level 21 207 Kent Street, Sydney
NSW 2000