

2026-27 Federal Budget Summary



Minimum Tax on Discretionary Trusts and Expanded Rollover Relief

The government will introduce a 30% minimum tax. From 1 July 2028, trustees will pay a minimum tax of 30% on the taxable income of discretionary trusts. Beneficiaries, other than corporate beneficiaries, will receive non-refundable credits for the tax payable by the trustee.

The government will provide expanded rollover relief for three years from 1 July 2027 to support small businesses and others that wish to restructure out of discretionary trusts into another entity type, such as a company or a fixed trust.



Improving Tax Arrangements for Capital Gains

From 1 July 2027, the 50% capital gains tax (CGT) discount will be replaced by cost base indexation for assets held for more than 12 months, with a 30% minimum tax on net capital gains. These changes will apply to all CGT assets, including pre-1985 CGT assets, held by individuals, trusts and partnerships.

Transitional arrangements will limit the impact of the above changes to existing CGT assets.



\$1,000 Instant Deduction for Individuals and Working Australians Tax Offset

Australian tax residents who earn income from work, will be eligible for the instant tax deduction and will not need to itemise and claim work related expenses if claiming less than \$1,000.

Also, the government will deliver a new tax cut for every working Australian taxpayer by introducing a \$250 Working Australians Tax Offset from the 2027-28 income tax year.



Reforming Negative Gearing to Support New Housing Supply

The government will limit negative gearing for residential property to new builds. 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 able to be offset against residential property income in future years.



Foreign Investors Property ban Extended

The government will extend the temporary ban on foreign purchases of established residential dwellings by two years and three months until 30 June 2029.



Electric Car Discount

From 1 April 2029, a permanent 25% discount on fringe benefits tax (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 FBT statutory formula.



R&D Tax Incentive Reform

From 1 July 2028, the government will increase the offset for core R&D expenditure to 50% and enable growing firms to retain access to the refundable tax offset for longer by increasing the turnover threshold for the highest offset rate from \$20 million to \$50 million.



IAWO \$20,000 Permanent

From 1 July 2026, the government will permanently extend the \$20,000 instant asset write off for small businesses with turnover up to \$10 million.