



ONE TWENTY

Accountants & Business Advisors

2026 - 2027 Federal Budget

What This Means for You

The 2026–27 Federal Budget has now been released, with a strong focus on **cost-of-living relief, housing reform, and long-term tax changes**.

Below is a clear summary of the **key measures most relevant to you**, and what they mean in practice.

Key Takeaways

- **Major tax reforms are coming** — particularly impacting property investors and trust structures
- **Most changes are not immediate**, with many starting from **1 July 2027 or later**
- **Short-term relief is limited**, with the focus on longer-term structural change

For Individuals

✔ Tax Relief

- A new **\$250 Working Australians Tax Offset** from 2027–28
- A **\$1,000 instant tax deduction** from 2026–27 (no need to keep receipts under this amount)

✔ Medicare & Health

- Increase to **Medicare levy low-income thresholds**
- Removal of the **age-based Private Health Insurance rebate uplift** from April 2027

👉 Overall: Some modest tax relief, but no major immediate savings.

Property & Investment Changes (Major Impact)

⚠ Negative Gearing Changes

- From **1 July 2027**, negative gearing will be limited to **new builds only**
- Existing properties:
 - Losses can only offset **rental income or capital gains**, not wages
- Properties owned before **12 May 2026** are **grandfathered**, meaning that the limitation on negative gearing will only apply to established residential properties purchased after this time.

Capital Gains Tax (CGT) Changes

- The current **50% CGT discount will be removed**
- Replaced with:
 - **Indexation**, plus
 - A **minimum 30% tax on capital gains**
- The 50% discount will still apply to capital gains made from the date the property was purchased until 1 July 2027 (with no impact until gains are realised).
- Any capital gain made after this date will be reduced by the impact of inflation and taxed at a minimum rate of 30%.

👉 Applies from 1 July 2027

What This Means

- Property investing will become **less tax-effective**
- There is still a **window before July 2027** to act under current rules
- The focus is clearly shifting toward **new housing supply**

Trusts

⚠️ **New Minimum Tax**

- A **30% minimum tax on discretionary trusts**
- Applies from **1 July 2028**

👉 Key impact:

- Reduces the ability to distribute income to lower-tax beneficiaries
- May make **company structures more attractive**

Business & Employers

✅ **Small Business**

- **\$20,000 instant asset write-off** now permanent
- Option to move to **monthly PAYG instalments** from 2027
- Continued support via:
 - Debt helpline
 - Mental health programs

✅ **Companies**

- **Loss carry-back** reintroduced (from 2026)
- **Refundable tax losses for startups** (from 2028)

👉 Overall: The Budget remains **supportive of small business**, particularly around cash flow and investment.

Cost of Living Measures

- **Temporary fuel excise reduction** (short-term relief only)
- Continued investment in:
 - Healthcare
 - Energy affordability initiatives

Important Dates to Know

- **Now – 2026:** Minor changes and short-term relief
- **1 July 2027:**
 - Negative gearing reforms begin
 - CGT changes commence
 - \$250 tax offset introduced
- **1 July 2028:**
 - 30% trust tax takes effect

👉 Most major changes are still **12–24 months away**

Our Advice

This Budget introduces **significant structural tax changes**, particularly around:

- Property investment
- Trusts and business structures

While there is no need for immediate action in most cases, it is important to:

- Review your **investment strategy**
- Consider whether your **business or trust structure remains suitable**
- Plan ahead before the **2027 changes take effect**

📞 We're Here to Help

If you'd like to discuss how these changes may affect you or your business, we're here to help. Please don't hesitate to get in touch with our team.

Regards,



Mark Stephenson