



# 2026 Federal Budget: Key updates and implications

Live webinar

Wednesday 20 May 2025  
12.00pm – 1.00pm (AEST)

**Advisory. Tax. Audit.**

# 2026 Federal Budget: Key updates and implications: 50% CGT discount, negative gearing and discretionary trusts

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Brett Young

National Tax Director

**d** +61 2 9164 0653

**e** [byoung@nexiaaustralia.com.au](mailto:byoung@nexiaaustralia.com.au)

**l** [www.linkedin.com/in/brettyoung2](https://www.linkedin.com/in/brettyoung2)

# Federal Budget - Overview of economics

#	Economic indicator	2025-26	2026-27	2027-28
1	Federal Budget Deficit	(A\$ 28.3 billion)	(A\$ 31.5 b)	(A\$ 31.0 b)
2	GDP	2.25%	1.75%	2.25%
3	Inflation	5%	2.5%	2.5%
4	Unemployment	4.25%	4.25%	4.5%
5	Gross Debt	A\$ 982.0 (33.1% of GDP)	A\$ 1.051 trill (34.0% of GDP)	A\$ 1.120 trill (35.2% of GDP)
6	Net Debt	A\$ 556 b (18.8% of GDP)	A\$ 616.6 b (19.9% of GDP)	A\$ 668.8 b (21.0% of GDP)

# Federal Budget 2026 - Brief overview

- Trusts – MASSIVE changes – but from 1 July 2028
- Negative gearing quarantined, great ...,  
**but** now only avail for newly built homes
- CGT – indexation is coming, two sets of rules, yuck

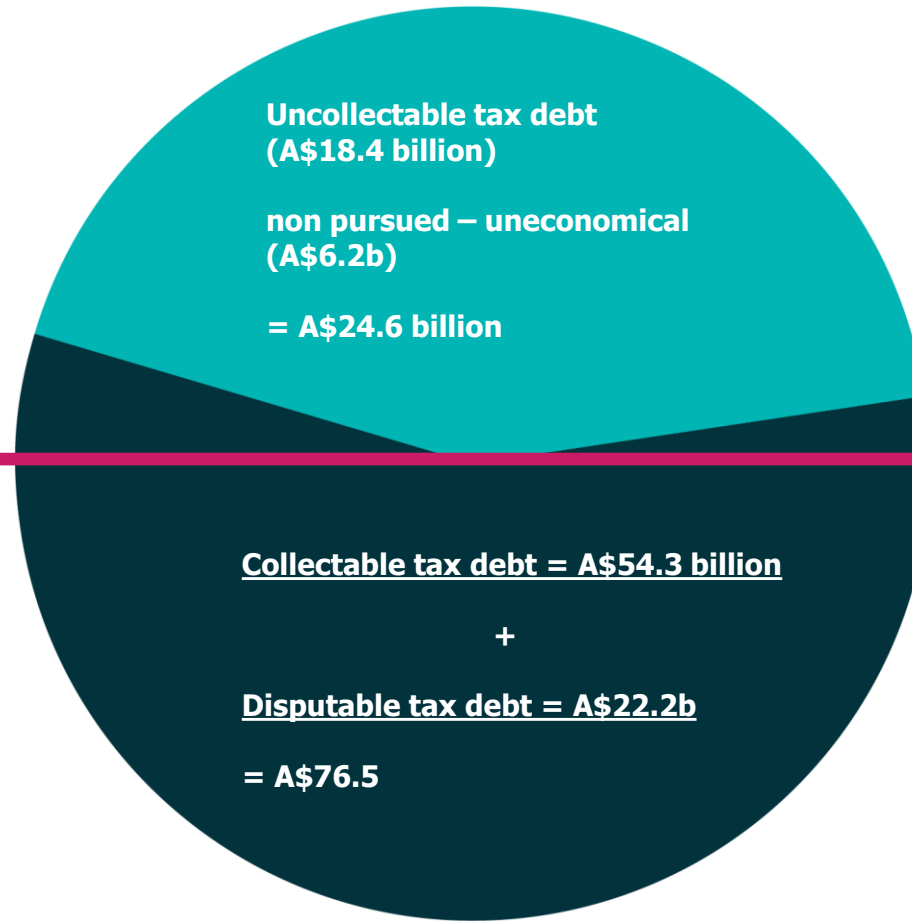




# 2026 Budget – Overview

- What date is the next Federal Election – **31 May 2029**, last Federal Election was 3 May 2025

# A\$101 billion ATO debt book – as at June 2025



Individual tax debt = A\$5.6b

(Collectable tax debt – A\$5.3 billion  
 Other tax debt – objection or appeal – A\$0.3b)

**Small Business tax debt = A\$37.6b**

**(Collectable tax debt – A\$35.9 billion  
 Other tax debt – objection or appeal – A\$1.7b)**

**Privately owned and wealth groups tax debt = A\$19.7b**

**(Collectable tax debt – A\$11.2 billion  
 Other tax debt – objection or appeal – A\$8.5)**

Public and Multinational businesses tax debt = A\$11.7b

(Collectable tax debt – A\$1.2 billion  
 Other tax debt – objection or appeal – A\$10.5b)

Other – Not-for-profit (A\$1.5b) and SMSF (A\$0.6b)

#Source: Appendix 7, Table 7.12 and Table 7.13 of 2025 ATO Annual Report. <https://www.ato.gov.au/About-ATO/Commitments-and-reporting/Annual-report-and-other-reporting-to-Parliament/Annual-report/>

1. Personal taxation
2. Tax reform – 50% capital gains tax (CGT) discount and negative gearing
3. Tax reform – 30% minimum tax – discretionary trusts
4. Business taxation
5. International taxation
6. Summary



# Nexia Australia – Federal Budget publication

<https://nexia.com.au/news/federal-budget-insights/>

# Nexia Australia – Federal Budget publication

Today	Next time
<p><b>Personal taxation</b></p> <ol style="list-style-type: none"><li>1. Income tax rates</li><li>2. Resident tax rates and threshold</li><li>3. Standard deductions of \$1,000 individuals</li><li>4. Fringe Benefit Tax (FBT) – transition to 25% FBT discount for Electronic Vehicles (EVs)</li></ol>	

# Nexia Australia – Federal Budget publication

Today	Next time
<b>50% CGT discount</b>	
<b>Negative gearing</b>	
<b>30% minimum tax on discretionary trusts</b>	

# Nexia Australia – Federal Budget publication

Today	Next time
<p><b>Business taxation</b></p> <ol style="list-style-type: none"><li>1. \$20,000 instant asset write off</li><li>2. Loss carryback for companies</li><li>3. R&amp;D – briefly</li></ol>	<ol style="list-style-type: none"><li>2. Loss refundability for start up businesses</li><li>4. Expanding Venture Capital Tax Incentive</li><li>5. PAYG instalment – monthly for SME</li></ol>

# Nexia Australia – Federal Budget publication

Today	Next time
	<b>International tax</b> 1. Changes to Foreign Resident CGT regime

# Nexia Australia – Federal Budget publication

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Stage 7
Budget night	? Exposure draft	Draft legislation	Act of Parliament	Start date	Date of tax expense	Federal Election
<b>12 May 2026</b>	? 2026 ? 2027	? 2026 ? 2027	2026 – yes 2027 – maybe	1 July 2026 1 July 2027 1 July 2028	? ? ?	<b>3 May 2025</b>  ----- <b>May 2028 (?)</b> 3 years from 3 May 2025

# Personal taxation

# Income tax rates – FY 2025/26 & FY 2026/27

2025-26 thresholds (A\$)	Rate	2026-27 thresholds (A\$)	Rate
0 – 18,200	Nil	0 – 18,200	Nil
18,201 – 45,000	16c	18,201 – 45,000	15c
45,001 – 135,000	30c	45,001 – 135,000	30c
120,001 – 190,000	37c	135,001 – 190,000	37c
>190,001	45c	>190,001	45c



- **Exclude 2% Medicare levy**
- **Plus - Working Australian Tax Offset - \$250 in 2027-28**

# \$1,000 standard deduction – FY 2026/2027

The \$1,000 standard deduction for individuals is proposed to operate as follows:

- A standard deduction of up to \$1,000 for Australian tax residents who earn \*assessable labour income, starting on 1 July 2026.
- **Keep current arrangements**  
Taxpayers with more than \$1,000 in genuine work-related expenses may continue to itemise and substantiate their claims in line with existing rules and their standard deduction is reduced to zero.
- **Threshold tests**
  - Assessable labour income – salary and wages, director fees [[ED] s25-130(4) of ITAA 1997 (Cth)]
  - First financial year – 1 July 2026 to 30 July 2027
  - Exposure Draft – *Treasury Law Amendment Bill 2026 (Cth)*
    - <https://consult.treasury.gov.au/c2026-757530>
    - *Source: Budget Paper No2, page 19, [A\$2.4 billion over five years]*

# \$1,000 standard deduction – Reductions

**First, reduce** the \$1,000 standard deductions by:

- Deduction – s8-1

**If more than say \$1,000 in deductions, and these deductions are claimed – then standard deduction is irrelevant**

- Car expenses – Division 28
- Travel between workplaces – s25-100
- Depreciation
- Repairs to a deprecating asset
  - [[Exposure Draft] s25-130(1)(c) – (g) of ITAA 1997 (Cth) refer ED here
  - <https://consult.treasury.gov.au/c2026-757530>

# \$1,000 standard deduction – Additional deductions

Additional deduction – in addition to the \$1,000 standard deduction for individuals are:

- Additional deductions which are permitted are:
  - not in connection with assessable labour income – interest income deductions
  - gifts
  - costs of managing your tax affairs
  - Income protection insurance, personal sickness and accident insurance
  - Payments to membership of union or trade, business or professional association

[[ED] s25-130(1)(c) – (g) of ITAA 1997 (Cth)]

# \$1,000 standard deduction – Example 1.1 of ED

Deductions		2025/26	2026/27 Choice 1		2026/27 Choice 2
<b>A. Work from home</b>	<b>\$200</b>		200		
<b>B. Stationary – work</b>	<b>50</b>		50		
<b>C. Subscription – work</b>	<b>50</b>		50		
<b>D. Travelling – between work</b>	<b>150</b>		150		
E. Gift / donation	50			50	50
F. Tax agent fees	150			150	150
	-----				
Standard Deduction			1,000	*\$550	1,000
	\$650				
<b>Total Deduction</b>		<b>----- \$650</b>		<b>----- 750</b>	<b>----- 1,200</b>

\*\$550 = [\$1,000 standard deduction) **less above deductions \$450 as claimed (item A to item D)**

# FBT – Transitioning to 25% FBT discount for certain EVs<sup>#</sup>

- Full FBT exemption for eligible EVs – ends on 31 March 2027
- Revised FBT tax exemption regime from 1 April 2027:

#	FBT year	FBT treatment of EV
1	1 April 2026 to 30 March 2027	No change
2	1 April 2027 to 31 March 2029	Full exemption (2 years) – EVs costing <u>A\$75k* or less</u>
		25% discount on the FBT payable – EVs costing <u>more than A\$75k* and below LCT threshold</u> (FY 2025/26 is A\$91,387 for Fuel-efficient vehicles).
3	From 1 April 2029	All EVs below the LCT threshold will be subject to a 25% FBT discount.

<sup>#</sup>Electronic Vehicle or EV – “Zero or low emission vehicle” include a battery electric vehicle or a hydrogen fuel cell electric vehicle (s8A of FBTA 1986)

\*Assume GST exclusive

- No impact on existing leases
- No impact on import tariffs
- [Nb, Plug-in hybrid EVs (PHEV) ceased to have the FBT exemption from 1 April 2025 – includes EV with combustion engine – section 8A(5) of FBTA 1986]

# FBT – Transitioning to 25% FBT discount for certain EVs – Example

- A\$80,000 EV made available to an employee for the full 2027 FBT Year (1 April 2027 to 31 March 2028)
- Under the statutory method:
  - Base value – A\$80,000
  - Statutory fraction – 20%
  - Taxable value – \$16,000 ( $\$80,000 \times 20\%$ )
  - Grossed up taxable value (Type 1: 2.0802) = \$33,283
  - FBT otherwise payable at 47% = \$15,643
  - Less 25% discount – \$3,911 ( $25\% \times \$15,643$ )
  - **FBT payable – \$11,732**

# FBT – Transitioning to 25% FBT discount for certain EVs

- 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 applied.

# Tax reform – 50% CGT discount and negative gearing

# Tax reform – 50% CGT discount

#	Income tax year	50% CGT discount – individuals / trust / partnership
1	1 July 2026 to June 2027	No change to CGT events prior to 30 June 2027
2	<u>1 July 2027 to June 2028</u>	<b>Rule 1</b> – No 50% CGT Discount to CGT events on or after 1 July 2027  <u>CGT events on or after 1 July 2027</u>  <b>Rule 2</b>  (A) CPI Indexation applies to CGT assets held for 12 months and a CGT event on or after 1 July 2027, and  <b>Rule 3</b>  (B) 30% minimum tax on net capital gains <ul style="list-style-type: none"><li>• Income support payment recipient, including Age Pension or JobSeeker are exempt from 30% minimum tax<sup>#</sup></li><li>• “This will not affect people whose capital gains are already taxed at rates of at least 30%”<sup>#</sup></li></ul> (C) Changes apply to <u>all CGT events</u> on or after 1 July 2027 (i.e. 50+ CGT events)

• A\$3.6 billion over five years (2028-29 – A\$1.35 b/2029/30 – A\$2.28 b)

• Source: Budget Paper No<sup>2</sup>, page 21

• <sup>#</sup> Treasury Factsheet dated 12 May 2026 – “Tax explainer – Negative Gearing and Capital Gains Tax Reform” accessed (12/5/26) from <https://budget.gov.au/content/downloads.htm#fact-sheets>

# Tax reform – 50% CGT discount

#	Income tax year	50% CGT Discount – individuals / trust / partnership
1	<u>1 July 2026 to June 2027</u>	No change to CGT events prior to 30 June 2027
2	<u>1 July 2027 to June 2028</u>	<b>Rule 2</b>  (A) CPI Indexation applies to CGT assets held for 12 months and a CGT event on or after 1 July 2027, and  <b><u>Rule 2A – [Important] Transitional Rule – Assets purchased prior to 1 July 2027 and sold after 1 July 2027</u></b>  (A) If a CGT Asset is held as at 1 July 2027 (and not sold on 1 July 2027)# <ul style="list-style-type: none"><li>- Rule 2AA – Pre 1 July 2027 value of CGT asset prior to 1 July 2027 – subject to 50% CGT discount rule#</li><li>- Rule 2BB – Post 1 July 2027 value of CGT asset from 1 July 2027 – subject to CPI indexation (and no Discount)#</li></ul> (B) Valuation rules – choice – either# <ul style="list-style-type: none"><li>- Rule 2CC – Seek a valuation of asset as at 1 July 2027, eg quote price#</li><li>- Rule 2DD – used a specified apportionment formula that estimates assets value on 1 July 2027 and on growth rate#</li></ul> The CGT reforms only apply to gains accruing after 1 July 2027#

# Tax reform – 50% CGT discount – Rule 2A example

## Transitional CGT arrangements – example – page 7 of Treasury 12/5/26 Factsheet

- Jane purchases an asset on 1 July 2022 for \$800,000.
- She sells the asset on 1 July 2032 for \$1,600,000 earning a 7.2% annual return.
- Using ATO tools, Jane determines that the asset was worth \$1,131,371 at commencement of the policy (1 July 2027).
- Assume CPI indexation of \$148,671 – due to inflation in the period 1/7/27 to 1/7/32 (five years) – not in Treasury factsheet

Under the transitional rules, Jane calculates her taxable capital gain as follows:

#	Gross capital gain	Net capital gain	Explanation of Gross capital gain – rule 2A and transitional rule
1.	\$165,685	-	<b><u>1. Gross capital gain on sale of CGT asset – earned before commencement of new rules – 1 July 2027</u></b> ({\$1,131,371 less \$800,000} x 50% discount) (Valuation 1/7/27 of \$1,131,371 less cost base of \$800k = \$331,371 x [50% CGT Discount])
	Plus	-	
2.	\$319,958	-	<b><u>2. Gross capital gain on sale of CGT asset – earned after commencement of new rules – 1 July 2027 to 1 July 2032 (five years)</u></b> ([{\$1,600,000 less \$1,131,371 = \$468,629, then less \$148,671]) (Gross gain – Sale price of \$1.6 million less valuation 1/7/27 of \$1,131,371 = \$468,629 x 0 [No discount]) Gross gain of \$468,629 less increased cost base due to inflation 2027 to 2032 [five years] = assume CPI inflation is \$148,671
		----- \$485,643	
		@ 47%	Income tax expense is \$228,252 (\$485,643 x 47%)

# Tax reform – 50% CGT discount

#	Income tax year	50% CGT Discount – individuals / trust / partnership
2	<u>1 July 2027 to June 2028</u>	<u>CGT events on or after 1 July 2027</u>  <b><u>Rule 4</u></b>  (D) Changes apply to all CGT events on or after 1 July 2027 – <b><u>and pre-CGT assets</u></b>  - Rule 4AA – Gains on pre-1985 assets accrued before 1 July 2027 will continue to be exempt <sup>#</sup>

- A\$3.6 billion over five years (2028-29 – A\$1.35 b / 2029/30 – A\$2.28 b)
- Source: Budget Paper No2, page 21
- <sup>#</sup> Treasury Factsheet dated 12 May 2026 – "Tax explainer – Negative Gearing and Capital Gains Tax Reform " accessed (12/5/26) from <https://budget.gov.au/content/downloads.htm#fact-sheets>

# Tax reform – 50% CGT discount

#	Income tax year	50% CGT Discount – individuals / trust / partnership
3	<u>1 July 2027 to June 2028</u>  CGT event re “new residential properties”	<b><u>Rule 5 – carve out for “new residential properties”</u></b>  <u>Choose</u>  (A) <u>50% CGT discount</u> , or  (B) CPI Indexation applies to CGT assets held for 12 months and a CGT event on or after 1 July 2027 and 30% minimum tax

# Tax reform – 50% CGT discount – FY 2026/27

#	Income tax year	50% CGT Discount – individuals / trust / partnership
1	1 July 2026 to June 2027	No change  (A) Transitional rule A – 50% CGT Discount will continue to apply to gains prior to 1 July 2027  (B) Transitional rule B – Capital gains on pre-1985 assets arising before 1 July 2027 will remain exempt from CGT

# Tax reform – Negative gearing

# Tax reform – Negative gearing

#	Income tax year	Negative Gearing – what type of taxpayer
1	1 July 2026 to June 2027	No change
2	<u>1 July 2027 to June 2028</u>	<u>Losses from established residential property from 1 July 2027</u>  <b>Rule 1</b> – (A) Losses from residential properties are not deductible  <b>Rule 2</b> – (B) Losses – only offset against rental income or capital gains from residential properties  <b>Rule 3</b> – (C) Losses – can be carried forward and offset against residential property income in future years  <b>Rule 4</b> – (D) above negative gearing rule in Rule 1 – applies to residential property. Commercial property and other asset classes, such as shares, will remain subject to existing arrangements#

# Tax reform – Negative gearing

#	Income tax year	Negative gearing – what type of taxpayer
3	What type of properties?	<p><b>Rule 4</b> – (A) Above negative gearing changes apply to established residential properties acquired from AEST 7:30pm on 12 May 2026</p> <p><b>Rule 5</b> – (B) Properties acquired before AEST 7:30pm on 12 May 2026 (including contracts not settled but exchanged prior to 12 May 2026) will be exempt from the changes until disposed of</p> <p><b>Rule 5A</b> – Applies to these tax payers – individuals, partnerships, companies and some trusts<sup>#</sup></p>
4	What exemptions exist	<p><b>Rule 6A</b> – (A) “Eligible new builds” – tax policy – increase house stock</p> <p><b>Rule 6B</b> – (B) Properties in widely held trusts, superannuation funds (including SMSF)<sup>#</sup></p> <p><b>Rule 6C</b> – (C) Build to rent developments and private investors supporting government housing programmes</p>

# Tax reform – Negative gearing

#	Income tax year	Negative gearing – what type of taxpayer
5	What transitional rules apply	<b>Rule 7</b> – Properties purchased from 12 May 2026 to 30 June 2027 may be negatively geared during the period 12 May 2026 to 30 June 2027 – but not from 1 July 2027 <sup>#</sup>

# Tax reform – Negative gearing

**Table 2: New builds comparison table**

The changes target the benefit of negative gearing to newly constructed properties that genuinely add to housing supply.

<b>Eligible new build</b>	<b>Not an eligible new build</b>
A newly constructed apartment bought off-the-plan.	An established property that has recently been extended to add additional bedrooms.
A duplex constructed through a knock-down rebuild replacing a single, free-standing house.	A free-standing house constructed through a knock-down rebuild replacing an older, smaller free-standing house.
Any residential construction on previously vacant land.	A granny flat built adjacent to an established property that is not eligible for negative gearing.
A newly built property which is occupied for less than 12 months before being first sold.	A newly built property which is occupied for more than 12 months before being sold to a subsequent investor.

# Tax reform – 30% minimum tax – Discretionary trusts

# Tax reform – 30% minimum tax – Discretionary trusts

## **Page 22 of Budget Paper No 2, contains the following Discretionary Trust tax reforms**

Tax policy objective – “The Government will introduce a 30% minimum tax on discretionary trusts to improve the fairness of the tax system and help fund new tax cuts for workers”

- **Rule 1** – From 1 July 2028 [to 30 June 2029], trustees will pay a minimum 30% on the taxable income [net income] of the discretionary trust.
- **Rule 2** – Beneficiaries (Rule 2A – other than corporate beneficiaries) will receive non-refundable credits for the tax payable by the trustee
- **Rule 2A** – Corporate beneficiaries will not receive non-refundable credits for the tax payable by the trustee

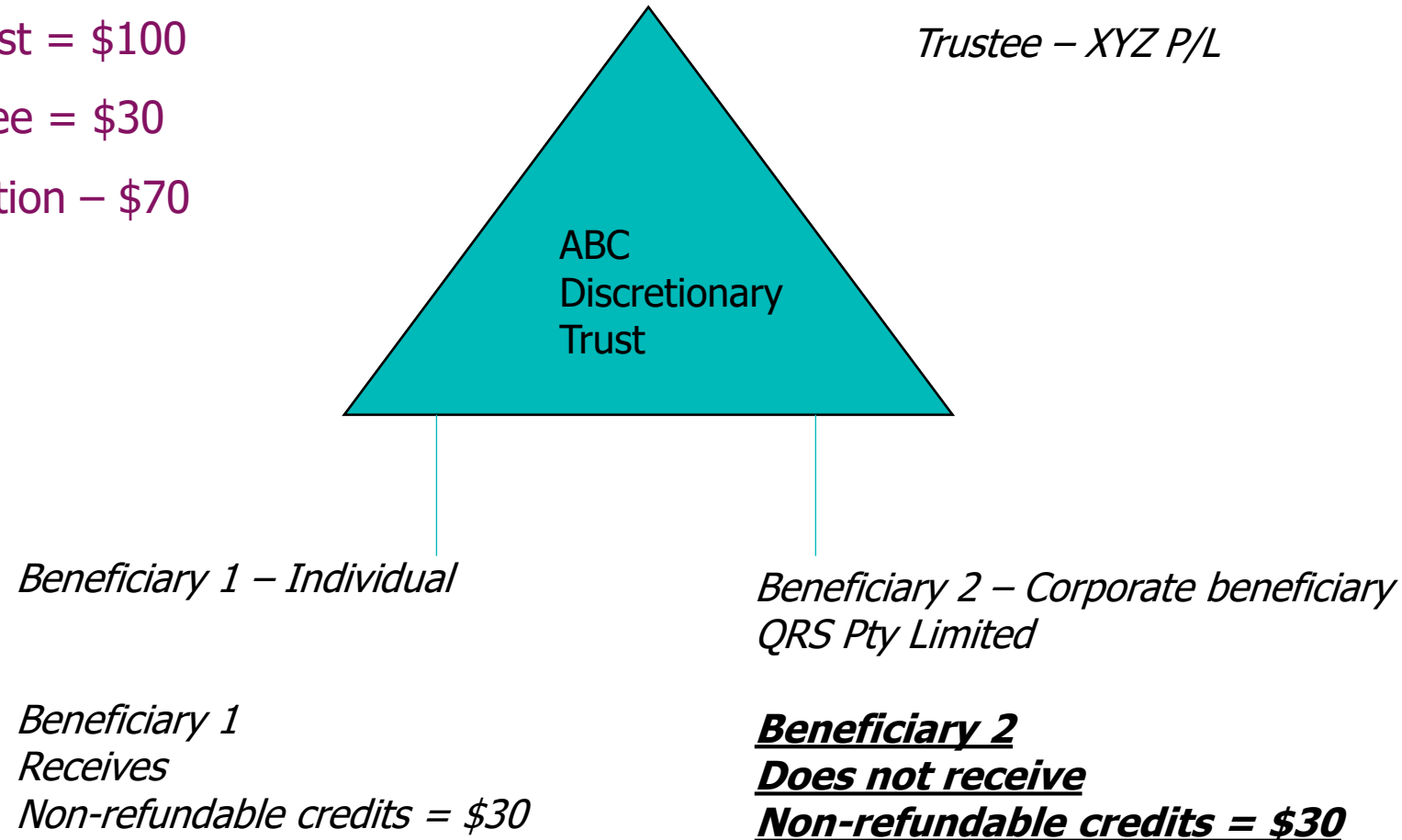
*Source: Budget Paper No2, page 22, [2029/30 – A\$4.47 b]*

# Tax reform – 30% minimum tax – Discretionary trusts

Net income of trust = \$100

30% tax on trustee = \$30

Proposed distribution – \$70



# Tax reform – 30% minimum tax – Discretionary trusts

## **Page 22 of Budget Paper No 2, contains the following discretionary trust tax reforms**

- **Rule 3** – The Government will provide expanded rollover relief for three years from 1 July 2027 to support small business and others that wish to restructure out of discretionary trusts into another entity type, such as a company or a fixed trust.

*Source: Budget Paper No2, page 22, [2029/30 – A\$4.47 b]*

- Query what state tax and state duty advice will be required under any property rollover?

# Tax reform – 30% minimum tax – Discretionary trusts

## **Page 22 of Budget Paper No 2, contains the following discretionary trust tax reforms**

- **Rule 4A** – The above rules do not apply to:
  - Fixed trusts
  - Widely held trusts (including fixed testamentary trusts)
  - Complying with superannuation funds
  - Special disability trusts
  - Deceased estates
  - Charitable trusts
  - Public Ancillary Funds?

*Source: Budget Paper No2, page 22, [2029/30 – A\$4.47 b]*

# Tax reform – 30% minimum tax – Discretionary trusts

## **Page 22 of Budget Paper No 2, contains the following discretionary trust tax reforms**

- **Rule 4B** – The above rules do not apply to some types of income:
  - Primary production income
  - Certain income derived by vulnerable minors
  - Amounts to which non-resident withholding tax applies
  - Income from assets of the discretionary testamentary trust existing at the date of the announcement dated 12 May 2026

• *Source: Budget Paper No2, page 22, [2029/30 – A\$4.47 b]*

# Business taxation

# Instant asset write-off <\$20,000

From 1 July 2026, permanent extension of the \$20,000 instant asset write-off [GST exclusive] for small businesses with turnover up to \$10 million.

- Assets valued at \$20,000 or more can continue to be placed into the small business simplified 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.

*Source: Budget Paper No2, page 20, [five years from 2025/26 – A\$815 million]*

# Tax loss carry back – Businesses

For tax years commencing on or after 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 the tax loss against tax paid up to two years earlier.
  - FY 2026/27 tax loss – carry back to tax paid in FY 2024/25 and FY 2025/26
- Loss carry back will apply to revenue losses only and will be limited by a company's franking account balance.

*Source: Budget Paper No2, page 20, [five years from 2025/26 – A\$2.3 billion]*

# Tax loss refundability – Small start up business

For tax years commencing on or after 1 July 2028,

- Small start-up companies
- First tax year 1 July 2028 to 30 June 2029
- Annual turnover < A\$10 million
- Generate tax loss in first two years of operation
- Eligible for refundable tax offset
- Offset limited – value of fringe benefits tax and withholding tax on wages in respect of Australian employees in the loss year

*Source: Budget Paper No2, page 20, [five years from 2025/26 – A\$410 million]*

# Research and Development Tax Incentive

The Government is reforming the R&D tax incentive to simplify and better target Government support for business R&D.

From 1 July 2028, the Government will:

- increase the offset for core R&D expenditure by around 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%;
- remove eligibility of supporting R&D expenditure for the R&D tax incentive;
- **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;**

# Research and Development Tax Incentive

From 1 July 2028 (cont)

- For firms below the \$50 million 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&D tax incentive expenditure threshold from \$150 million to \$200 million;**
- **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.**

# Tax reform – Expanding Venture capital tax incentives

The Government will expand the venture capital tax incentives to better facilitate venture capital investment and support early stage and growth businesses.

From 1 July 2027:

- The venture capital limited partnership (VCLP) cap on the asset size of the investee business at the time of investment will be increased to \$480 million, from \$250 million;
- The early stage venture capital limited partnership (ESVCLP) cap on the asset size of the investee business at the time of investment will be increased to \$80 million, from \$50 million;
- The ESVCLP tax incentive cap on the asset size of the investee business, at which investment returns can be fully tax exempt, will be increased to \$420 million, from \$250 million; and
- The maximum fund size of ESVCLPs will be increased to \$270 million, from \$200 million.

ESVCLPs must remain in compliance with their existing investment plans or seek approval for a replacement plan.

The eligible venture capital investor program will be closed to new applications from 7.30pm (AEST) 12 May 2026.

# PAYG instalment pilot for small and medium sized businesses

The Australian Taxation Office will expand its pilot of dynamic pay as you go (PAYG) instalment calculation to permit monthly payments.

From 1 July 2027, small and medium businesses will be able to opt in to reporting and paying PAYG instalments monthly and to using an ATO-approved calculation embedded in accounting software to calculate and vary their instalments.

This will support businesses by enabling tax instalments to better reflect real time business activity.

Taxpayers with a demonstrated history of non-compliance will be required to report and pay PAYG instalments monthly.

# International taxation

# Capital gains tax – Foreign residents

- 1 July 2025
- Broaden assets subject to CGT
- Statutory definition of real property – broader “relates to a thing or combination of things fixed or installed on land situated in Australia”
- New 50% discount for foreign resident taxpayers – disposal of \*Australian renewable energy assets
- Point-in-time test replaced by 365-test period look back from date of CGT Event
- Foreign resident – Dispose shares/units > \$50 million – notify ATO
- Ongoing Government consultation – as at 12 May 2026 – exposure draft legislation

# Other measures

# Other measures

- **Foreign residential property acquisition restrictions** – The Government announced an extension of the temporary prohibition on foreign investors acquiring established residential dwellings until 30 June 2029. The ban was originally introduced for two years from 1 April 2025.



Questions?

# Contacts and locations

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## Adelaide Office

Level 3, 153 Flinders Street  
Adelaide SA 5000  
GPO Box 2163 Adelaide SA 5001

**p** +61 8 8139 1111  
**f** +61 8 8139 1100  
**e** [receptionSA@nexiaem.com.au](mailto:receptionSA@nexiaem.com.au)

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## Darwin Office

Level 2, 80 Mitchell Street  
Darwin NT 0800  
GPO Box 3770 Darwin NT 0800

**p** +61 8 8981 5585  
**f** +61 8 8981 5586  
**e** [receptionNT@nexiaem.com.au](mailto:receptionNT@nexiaem.com.au)

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## Perth Office

Level 4, 88 William Street  
Perth WA 6000  
GPO Box 2570, Perth WA 6001

**p** +61 8 9463 2463  
**f** +61 8 9463 2499  
**e** [info@nexiaperth.com.au](mailto:info@nexiaperth.com.au)

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## Canberra Office

Suite 2.01, Level 2, 17 Moore Street  
Canberra ACT 2601  
GPO Box 500 Canberra ACT 2601

**p** +61 2 6279 5400  
**e** [mail@nexiacanberra.com.au](mailto:mail@nexiacanberra.com.au)

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## Melbourne Office

Level 16, 600 Bourke Street  
Melbourne VIC 3000

**p** +61 3 8613 8888  
**f** +61 3 8613 8800  
**e** [info@nexiamelbourne.com.au](mailto:info@nexiamelbourne.com.au)

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## Sydney Office

Level 22, 2 Market Street  
Sydney NSW 2000  
PO Box Q776, QVB NSW 1230

**e** [info@nexiasydney.com.au](mailto:info@nexiasydney.com.au)  
**p** +61 2 9251 4600  
**f** +61 2 9251 7138

# Thank you

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