



Newsletter – June 2026

While we anticipated a few changes in the 12 May budget, many of the announced measures require changes to the law before coming into effect. Later in the year when matters are clearer, those who operate complex financial structures and may be affected by changes to Capital Gains Tax, negative gearing and trust taxation may consider changing structure or assets. Given there are nuances involved in the changes, no sudden moves should be made without knowing the details that become law.

Please note David will be on annual leave between 24 June -20 July for a well-earned break.

What does the term Grandfathering mean when talking about Tax?

Grandfathering in taxation allows existing taxpayers or assets to retain benefits under old tax rules even after new laws are introduced, at least for a defined period or under specific conditions. As an example, assets bought prior to the current CGT rules (pre-1995) are exempt from Capital Gains Tax. However, under the proposed new rules, these assets will only be exempt until 1 July 2027. Any capital gain made on the assets above the value at this date will be taxable. This approach prevents retroactive disadvantages and recognizes that taxpayers made decisions based on the law in place at the time.

Negative Gearing of properties purchased after Budget date (12 May 2026)

Individuals with residential investment properties will no longer be able to claim losses to offset other income for properties purchased after 12 May 2026. While the new rules apply to residential investment properties, this limitation does not extend to new builds, commercial property, shares and other assets. No change applies to existing negatively geared properties which are fully grandfathered indefinitely. This will only affect pre-existing houses bought on or after 12 May 2026. Any rental losses on these properties will not reduce taxable income but may be used to offset future residential property income. New investment property is required to justify itself purely as an investment in both yield and capital growth without the help from the tax system. It may be worth revisiting debt recycling into shares or other investment assets as an effective strategy.

Trust Taxation Issues to be aware of

Given that discretionary trusts are a cornerstone of many clients' financial structures, the Government is targeting income splitting to low-income adult family members to reduce total tax paid. From 1 July 2028, a 30% minimum tax will apply to all discretionary trust taxable income. A non-refundable tax credit will then accompany distributions in order to decrease the benefit of income splitting.

High marginal rate beneficiaries already taxed at 37% or more will be the least affected.

Franking credits will be used by the trust to pay the 30% tax, but tax credits received via a discretionary trust distribution will be non-refundable – excess credits that would previously have been refunded are effectively lost.

Trusts with corporate beneficiaries are more significantly affected – corporate beneficiaries will not receive a credit for the tax paid by the trustee, making bucket company structures considerably less attractive.

How do you know if your bank account is NPP (New Payments Platform) Enabled

To be able to receive superannuation payments under the new payday super system, SMSFs need to make sure their bank accounts are NPP enabled. Most Australian bank accounts are NPP enabled which is needed for making Osko payments and Pay ID. To determine if your bank account is NPP enabled, you can check with your bank or payment service provider. They can provide you with information on the services they offer, including the ability to make real-time payments using NPP. Additionally, you can look for the NPP logo on your bank's website or contact their customer service for more details.

Payday Super Regulations effective 1 July 2026

As this deadline is fast looming, a reminder to review your payroll systems, ensuring records are updated with employee super fund details and processes are in place to support more frequent super payments. Employers are required to pay employee's superannuation (and have it received by their fund) for a pay run within seven days of having paid the wages. If wages are paid weekly, superannuation will need to be processed weekly, if wages are paid fortnightly, then super would be processed fortnightly, etc. Additionally, the ATO Super Clearing House is closing 30 June 2026. The solution to this being provided by Xero is Auto Superannuation. As long as employers have super fund information set up correctly in the payroll settings, this will prepare the superannuation amounts payable for each pay run and the lodged amounts will then be paid automatically out of the employers nominated bank account within a couple of days.

Payday Super webinar for employers

We encourage employers to [watch the ATO webinar](#) recording which covers some frequently asked questions to help act now and be ready for 1 July.

Capital Gains Tax changes from 1 July 2027

From the above date, the 50% CGT discount for assets held longer than 12 months will be replaced with cost base indexation and a 30% minimum tax on net capital gains. This inflation based method means only gains above inflation are taxed but 100% of the amount above inflation is taxed. The new rules apply to property, shares, and managed funds.

Gains accrued on assets purchased before 12 May 2026 are grandfathered under the old 50% discount. The gains will be split after 1 July 2027 in the following manner:- pre-2027 portion of gains remain discounted while post 2027 portion of gains are indexed and the minimum tax applied.

Good record-keeping of original acquisition costs and capital improvements are vital going forward. Getting appraisals at 30 June 2027 is also recommended but please wait until the changes become law. Clients with long-held assets should review their position before assuming the worst is they may be better off. If you have owned assets for long enough, you may be better off. The long held strategy of selling assets and realizing capital gains after you stop work will not be as tax effective.

Why we should receive your ATO correspondence

As your registered tax agent, in addition to sending you your ATO documents directly to you, they also include us in this dispatch. Historically paper copies were dispatched by snail mail. In order to become more efficient and reduce postal costs, electronic documentation has been introduced. While this is a great process for clients who are tech savvy, it does not work well for those of you who do not regularly log onto their MyGov accounts. As your tax agents, we have an obligation to ensure you have received this correspondence, and we follow up on any missed paperwork to avoid fines. Not all our clients are attentive or responsive to this time sensitive paperwork. For security reasons, current ATO regulations require that we complete the time-consuming task of redacting the Tax File Numbers in case of criminal interception. Please let us know if you wish to be solely responsible for this procedure and we will remove the visibility (& responsibility) at our end of forwarding on your ATO correspondence.

Be careful when claiming expenses on rental properties

A few years ago, one of our clients finally had to replace 3 sets of double hung wood framed windows in their long-held rental property. Interpreting this cost as a "like for like repair with modern equivalent replacement," he installed more expensive double-glazed Windows. The ATO rejected his (expensive) claim outright because their interpretation was that it should have been single glazed instead. It is important to understand what you can claim prior to repairs. Capital works are structural improvements, alterations and extensions are a slow burning claim of 2.5% over a 40 year period. In hindsight, it may have been better to repair the windows with single glazing (which could have been claimed in full) and then retrofit the double glazing at a later date (deductible of 40 years).

How to pay Funeral expenses and manage Deceased Bank Accounts

Once someone has died, you need to notify the bank either online, by phone, or at your local branch. Supporting documents may be required. Any accounts **solely in the deceased name** are frozen which means no further transactions (direct debits or recurring payments) can occur. Credit cards with the deceased as the primary card holder despite any additional card holders will be cancelled. Interest & fees will cease. Personal and home loans are suspended but interest charges will continue. Redraw access will cease depending on the bank. Online Access to NetBank and apps will be cancelled but you can download historical bank statements. For **accounts in joint names**, the surviving account holder will continue to have access to this account and you can request to update the account title at any time.

While bank accounts are suspended for transactions, you can make a claim for funeral expenses. Banks often release funds from deceased bank accounts for funeral costs, regardless of whether the executor has obtained access. Usually, the invoice is provided by the funeral home in advance of the service and for transparency, banks are obliged to pay directly to the business providing the service.

While this can be processed in branch, there are also forms and supporting documents required.

When sorting out probate, Enduring Power of Attorney, Death certificates (provided by Funeral Director), Wills Probates, Grant of Probate and Letters of Administration submitted online need to be certified copies. Estate expenses such as invoices and receipts do not usually need to be certified.

ATO app 'Verify call' – yes, it really is the ATO

It is now easier to keep your personal information safe online. Download the ATO app, register your device, and use the new 'Verify call' feature. This security feature strengthens your trust by allowing you to check whether a phone call claiming to be from the ATO is genuine. There are also [fact sheets](#) about the ATO app's features which can be obtained by visiting ato.gov.au/app. All our clients will receive an ATO email announcing the new feature.

Our energetic, knowledgeable and caring approach gives peace of mind.

If you need further information or to discuss your specific circumstances, please call David at our office.

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