Tax Planning Guide 2025/2026

30 June is coming around quickly.

If you haven't thought about your tax position yet, now is the time.

Our **Tax Planning Guide 2025/2026** breaks down the strategies to help you keep more of what you earn and understand where to focus **before 30 June 2026.**

What you'll find in this guide:

- Tax strategies to use before 30 June 2026
- Key rules around super, deductions, investments and business expenses
- What the 2026-27 Federal Budget means for you and what needs your attention now

One thing worth keeping in mind as you read: your financial decisions are all connected. A super decision can shift your investment strategy, a property move can affect your CGT position, and a business structure change can send ripples across your entire financial picture.

At My Wealth Solutions, we look at all of it together, because the best outcomes come from seeing the whole picture. Call us on 07 3852 4114 or book your discovery appointment.

We're here to help you make the most of what's left of this financial year.

Individuals

Concessional Superannuation Contributions

Concessional contributions include employer contributions (including the Superannuation Guarantee) and any personal tax-deductible contributions you make. The concessional contributions cap for **2025/26 is $30,000.**

If your total super balance was below **$500,000** on **30 June 2025**, you may be eligible to carry forward unused concessional cap amounts from previous years (up to five years) and contribute above the standard cap.

Super contributions can also help reduce the impact of capital gains. By lowering your taxable income, a top-up contribution may place you in a lower tax bracket, reducing or eliminating CGT liability on asset disposals. From **1 July 2026**, the general concessional contributions cap is **$32,500**

Action: If you would like to understand whether you have available contribution capacity or whether additional contributions may be appropriate for your situation, we recommend contacting us to review this before **30 June 2026.**

Any contribution strategies should be confirmed with advice tailored to your circumstances, and contributions must be received and acknowledged by your fund by **30 June 2026.**

ATO Contribution caps

Medicare Levy Surcharge

If you do not hold an appropriate level of private hospital cover and your income for Medicare Levy Surcharge (MLS) purposes exceeds **$101,000** (singles) or **$202,000** (families) for **2025/26**, you will be liable for the MLS. This surcharge ranges from **1% to 1.5%** depending on your income tier, and applies in addition to the standard **2%** Medicare Levy.

Action: Compare the cost of a basic hospital cover policy against the MLS you would otherwise pay. The MLS is calculated on a pro-rata basis, so obtaining cover partway through the year still reduces your liability.

ATO Medicare levy surcharge

Individuals

Division 296: Large Super Balance Tax ($3M & $10M Thresholds)

From **1 July 2026,** individuals with a Total Superannuation Balance (TSB) exceeding **$3 million** (indexed) will pay an additional **15%** tax on the proportion of fund earnings attributed to the balance above that threshold.

A further **10%** surcharge (**25%** total additional tax) applies to the portion of the balance exceeding **$10 million** (indexed). The tax applies only to realised earnings and is assessed at the individual level, though it can be paid personally or via the super fund.

Action:

- **Obtain valuations:** For SMSFs, ensure all assets have a formal, documented market valuation as at **30 June 2026.** This is critical for calculating the cost base reset, which "locks in" gains made prior to the new tax regime.
- **Total balance superannuation (TSB):** Review your aggregate TSB across all accounts via myGov. Ensure you account for any defined benefit interests, which are valued using specific actuarial formulas.
- **Withdrawal strategy**: If you meet a condition of release (e.g., age 60 and retired), you have until **30 June 2027** to withdraw amounts in excess of the thresholds to mitigate or eliminate the tax for the **2026–27** year and beyond.

ATO: Better targeted superannuation concessions

Work from Home Expenses

You can claim working from home costs using one of two methods:

Fixed rate method: Claim **70 cents** per hour worked from home in **2025/26.** This covers electricity, gas, internet, phone, and stationery. You must keep a contemporary record of actual hours worked (timesheet or diary); the ATO no longer accepts estimates.

Actual cost method: Claim the work-related proportion of individual expenses. This requires receipts, floor area calculations, and a usage log for every item.

Note: Claiming occupancy costs (rent/mortgage interest) if your home is a principal place of business requires specialist advice, as it may trigger Capital Gains Tax on your home.

Action: Audit your **2025/26** hours log now. Note: If your home is also used as a principal place of business (for example, your employer does not provide you with a workplace), you may be entitled to claim occupancy costs such as a proportion of rent or mortgage interest. This requires specialist advice.

ATO: Working from home expenses
ATO: Occupancy expenses

Work-Related Deductions

You can claim a deduction for work expenses incurred in your job, provided they aren't reimbursed and you have records. Common deductions:

- **Uniforms and laundry:** Occupation-specific/protective gear only.
- **Tools and equipment:** Stationery and tools.
- **Self-education**: Must relate to your current role.
- **Fees:** Union fees, professional memberships, and technical subscriptions.
- **Phone/internet:** Work-related portion only. Note: If using the **70c Fixed Rate** for WFH, you cannot claim these separately.

Action: Gather receipts now. The ATO's data-matching targets "standard" **$300** claims, so only claim what you can fully substantiate.

ATO: Deductions you can claim

Motor Vehicle Expenses

If you use your personal vehicle for work (excluding ordinary commuting), you can choose between two methods:

Logbook method: Maintain a 12-week continuous logbook to establish a business-use percentage. This logbook is valid for five years. You claim that percentage of all actual costs: fuel, registration, insurance, servicing, and depreciation. Keep all receipts, though fuel can be estimated using odometer records.

Cents-per-kilometre method: Claim **88 cents** per km for up to 5,000km per vehicle. No logbook is required, but you must be able to show how you calculated the distance (e.g., diary entries).

Action: The **88 cents** rate is now very generous; for exactly 5,000km, it yields a **$4,400** deduction without receipts. If your work travel exceeds 5,000km or your vehicle has high running costs, start a 12-week logbook immediately to maximise your claim.

ATO: Cents per kilometre method (88 cents)

Charitable Donations

Donations of **$2** or more to organisations with Deductible Gift Recipient (DGR) status are tax-deductible. Not all charities hold DGR status, so it is important to verify before making a claim.

Action: Ensure you have receipts for all donations made this financial year. To check if an Australian charity is a Deductible Gift Recipient (DGR), search the ABN Lookup tool by name or ABN and check the "Deductible gift recipient status" section

Travel Expenses

You can claim travel expenses if you are required to travel away from your home overnight for work. You must keep actual receipts for all costs (accommodation, meals, and incidentals).

If travelling for six or more consecutive nights, you must also maintain a travel diary detailing the nature of the work, the date, and the duration of each activity.

Action: Retain all digital and physical receipts. If you receive an allowance, check the ATO's **2025/26** Reasonable Travel Amounts (updated annually in July) to see if your claims fall within the "no-receipt" limits.

ATO: Travel expenses you can claim

Investment Property & Capital Gains Tax

Repairs vs Improvements: Repairs (fixing broken items) are deductible in the year incurred. Improvements (renovations) are capital works and must be depreciated. Initial repairs to fix defects existing at purchase are capital, not deductible.

CGT and contract dates: The CGT event is triggered on the contract date, not settlement. If held for over 12 months, a **50% CGT** discount generally applies.

Depreciation reports: For rental properties, a quantity surveyor's report is essential to claim structural and fixture depreciation.

Action: Consider completing and paying for repairs before **30 June 2026.** Sale contracts will need to be signed before **30 June** if you want the gain/loss in this financial year.

ATO: Rental properties - repairs and maintenance

Holiday Homes: Key Tax Rules (2025/26)

The "genuinely available for rent" test. The ATO scrutinises whether a property is truly on the market.

Red flags include advertising only by word of mouth or in low-visibility channels, setting rent well above market rates, blocking out peak periods for personal use, or imposing unreasonable conditions (e.g. no children, no pets, personal approval of all tenants).

Properties failing this test may have all deductions denied for those periods.

Action: Collate your records now: days rented, days used privately, days available for rent, and all expense receipts. Bring these to your tax appointment so deductions can be correctly apportioned.

ATO: Holiday homes

Income Protection Insurance

Premiums paid for income protection insurance held outside of superannuation are generally tax-deductible. This deduction does not apply to policies held inside superannuation.

If your policy is bundled with Life Insurance or Total and Permanent Disability (TPD) insurance, only the income protection component is deductible. Your insurer usually provides a breakdown of these costs in your annual statement.

Action: If you pay your premium annually, ensure payment is made before **30 June 2026** to claim the deduction in this financial year.

ATO: Income protection insurance

Minimum Pension Payments (SMSFs)

If you have an SMSF and are drawing a pension from it, you are required to withdraw a minimum amount each financial year. If that minimum is not met, the fund loses its tax-free status on pension assets for that year, meaning investment earnings that would otherwise be taxed at **0%** are taxed at **15%** instead.

The minimum withdrawal is calculated using a percentage based on your age, applied to your account balance as at **1 July 2025.** The ATO publishes the current percentage factors for each age group on its website. The payment must be received by you on or before **30 June 2026.** A pension paid on **30 June counts**; one paid on **1 July does not.** Partial commutation payments do not count toward the minimum for the year.

Action: Talk with your accountant if you have any questions before EOFY.

ATO: Income stream (pension) rules and payments

Government Super Co-Contribution

If you earn less than **$62,488** and make a personal after-tax super contribution before **30 June 2026**, you may be eligible for a government co-contribution of up to **$500.** The government contributes **50 cents** for every **$1** you put in, up to a maximum of **$500**. The co-contribution phases out above **$47,488** and cuts off at **$62,488.**

You must also be under 71, have a total super balance below **$2 million,** and earn at least **10%** of your income from employment or running a business. You don't need to apply, the ATO calculates and pays it automatically once you lodge your tax return.

Action: Assess whether you or a family member may be eligible. Even a partial contribution generates a partial co-contribution.

ATO: Super co-contributions

Business

Business

Instant Asset Write-Off : $20,000 Threshold

For **2025/26**, small businesses with an aggregated annual turnover below **$10 million** can immediately deduct the full cost of eligible assets costing less than **$20,000** each. The asset must be installed and ready for use before **30 June 2026**; just ordering or paying for an asset is not sufficient.

Action: If you need equipment costing under **$20,000**, purchase and install it before **30 June 2026**. Keep invoices and installation records.

ATO: Instant asset write-off

Small Business Depreciation Pool

Eligible assets costing **$20,000** or more are allocated to the small business general depreciation pool, deducted at **15%** in the first year and **30%** per year thereafter on the diminishing value. If the pool balance falls below **$20,000** at year-end, you can write off the entire remaining balance.

Action: Ensure all new eligible assets are correctly allocated to your depreciation pool. Review the pool balance before **30 June 2026.**

ATO: Small business depreciation pool

Superannuation for Employees: Payday Super Commences 1 July 2026

Payday superannuation commences from **1 July 2026.** From that date, all employers will be required to pay employee super contributions at the same time as wages are paid, not quarterly as is currently the case. **Cashflow warning:** Super contributions for the quarter ending **30 June 2026** will generally be due by **28 July 2026.**

Combined with the new payday super obligations taking effect simultaneously, this has the potential to significantly strain business cash flow. Be prepared well in advance.

To claim a tax deduction for June quarter employee super contributions in the **2025/26** year, contributions must be paid and receipted by the fund on or before **30 June 2026.**

Action: Consider moving to monthly super remittances to smooth your cash flow ahead of the payday super transition. Speak with your accountant to model the cash flow impact.

ATO: About payday super

Prepay Deductible Expenses

On a cash basis of accounting, prepaying deductible business expenses (such as rent, insurance, and subscriptions) before **30 June 2026** brings those deductions into this financial year. On an accrual basis, speak with your accountant to understand what applies.

Action: Review upcoming deductible expenses and consider prepaying eligible items before **30 June 2026.**

ATO: Prepaid expenses

Deferral of Income

Where your cash flow permits, deferring the invoicing of completed work or the recognition of income until after **30 June 2026** shifts taxable income into the next financial year. This strategy requires careful planning and is not always possible depending on your accounting method.

Key considerations:

Cash flow vs. tax savings: Delaying invoices means delaying your actual cash coming in. Ensure you have enough cash in the bank to cover your June/July overheads if you choose to wait.

Future tax brackets: Only defer income if you expect your tax rate to be the same or lower next year. If you expect a massive 2027, "pushing" more income into that year could actually push you into a higher tax bracket, costing you more in the long run.

Action: Review outstanding invoices and discuss with your accountant whether income deferral is appropriate and achievable given your circumstances.

ATO - Assessable income accounting methods

Business

Fringe Benefits Tax (FBT)

If you provided non-cash benefits to employees or their associates during the FBT year (**1 April 2025 to 31 March 2026**), you may be required to lodge an FBT return. The self-lodgement deadline is **21 May 2026.**

Benefits subject to FBT can include:

- Motor vehicles made available for private use (including certain utes)
- Entertainment (meals, events, recreational activities)
- Housing or accommodation
- Payment of private expenses, such as school fees or private health insurance
- Private use of company assets, such as boats or caravans

Action: Speak with your accountant immediately if you are unsure whether FBT applies to your business.

ATO: Fringe benefits tax rates and thresholds

Government Grants

Both federal and state governments offer a range of grants, rebates, and incentive programs for eligible businesses. Unless a grant is specifically declared as "Non-Assessable Non-Exempt" (NANE) by the government, it is taxable. You will pay tax on the grant at your marginal rate or company tax rate.

Action: Review every deposit into your bank account from a government body (Federal, State, or Local Council) and check the agreement to confirm if the grant is "Assessable Income" or "NANE.

ATO: What to include in your business's assessable income

Trust Distribution Resolutions

Trustees must decide how to distribute trust income and formally document that decision in a resolution before **30 June 2026.** Failure to do so means the trustee, rather than the intended beneficiaries, may be assessed at the top marginal tax rate. When distributing income to adult children, trustees must ensure the arrangement satisfies the requirements of Section 100A, which targets reimbursement agreements where a lower-taxed beneficiary receives income, but the economic benefit flows to someone else.

Action: Prepare, sign, and date trust distribution resolutions **before 30 June 2026.** Speak with your accountant about Section 100A compliance if you are distributing to adult children or non-arms-length beneficiaries.

ATO: Trust income losses and capital gains
ATO: Section 100A

Division 7A: Company Loans

If you have borrowed money from your private company, the loan must be supported by a written loan agreement and a minimum yearly repayment (MYR), including interest at the ATO's benchmark rate, must be made before **30 June 2026.**

The benchmark rate for **2025/26 is 8.37%**. Consider the tax implications of paying dividends from your company before **30 June 2026**, including the use of available franking credits to reduce the effective tax rate for shareholders.
Failure to make the MYR results in the shortfall being treated as an unfranked deemed dividend, assessable to the borrower.

Action: Review all outstanding Division 7A loans with your accountant. Confirm the minimum repayment required and make payment before **30 June 2026**. Also consider whether declaring a dividend is advantageous before year-end.

ATO: Loans by private companies
ATO: Division A benchmark interest rate

Professional Firm Profits (PFP)

If you operate a professional services firm, the ATO has specific guidelines governing how profits are to be allocated between principals and related entities or family members. These rules are designed to ensure that the income generated by the skills of individual professionals is returned to those individuals and not arbitrarily streamed to lower-taxed entities or family members.

Action: Speak with your adviser to review how profits are being allocated within your professional practice and ensure the arrangement complies with the ATO's guidance.

ATO: Assessing the risk–allocation of profits within professional firms

Write Off Bad Debts

On an accrual basis, if a customer owes you money that you have a genuine belief will not be recovered, you can claim a deduction by formally writing off the debt before **30 June 2026.** The debt must have been previously included in assessable income.

Action: Review your aged debtors list and consider formally documenting and writing off any irrecoverable debts before **30 June 2026.**

ATO: Deductions for unrecoverable income

Looking ahead for 2026/2027

Looking Ahead

The **2026-27 Federal Budget**, handed down on 12 May 2026, contains some significant changes that will affect individuals, investors and businesses in the coming years. You can read our full **Federal Budget 2026/2027** report here, and we've outlined some key changes below.

Income tax cuts

From **1 July 2026**, the tax rate on income between **$18,201** and **$45,000** will drop from **16%** to **15%**, and again to **14%** from **1 July 2027**. No action is required, but it is worth factoring into cash flow and salary packaging arrangements for the year ahead.

$1,000 instant deduction for work-related expenses

From **1 July 2026**, Australian residents will be able to claim a standard **$1,000** deduction for work-related expenses without substantiation. If your work-related expenses are likely to exceed **$1,000**, it is worth keeping receipts and records now, so you are prepared to claim.

Family trust distributions: minimum 30% tax

From **1 July 2028**, discretionary trusts will be subject to a minimum **30%** tax on trust income. For many families, this represents a significant shift. Discretionary trusts have long been a legitimate and effective way to distribute income across family members in a tax-efficient way, and that flexibility is about to become considerably more limited. If you currently operate through a family trust, now is the time to review your structure. The Government has indicated that rollover relief will be available from **1 July 2027** for those wishing to restructure out of a discretionary trust into a company or fixed trust, which could help minimise the CGT and income tax implications of making a change.

Changes to negative gearing

From **1 July 2027**, negative gearing concessions for residential property will only be available on new builds for properties acquired after 7:30pm (AEST) on **12 May 2026**. If you acquired or are under contract on an established residential property before this date, you are protected under the existing rules.

CGT discount replaced by indexation and minimum tax rate

From **1 July 2027**, the **50%** CGT discount will be replaced by CPI indexation and a minimum **30%** tax rate on capital gains. Transitional rules mean gains accrued before **1 July 2027** will still qualify for the existing discount. If you are holding assets and considering whether to sell, the timing of that decision relative to **1 July 2027** could have a material impact on your tax outcome.