CARDELL

CHARTERED ACCOUNTANTS

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newsletter

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2026-27 Budget Updates:

Instant Asset Write Off (IAWO) Made Permanent

In the 2026–27 Budget, it was announced that the $20,000 instant asset write-off will be permanent effective 1 July 2026.

From 1 July 2026, eligible small businesses using simplified depreciation rules, will be able to immediately deduct the full cost of eligible assets costing less than $20,000 that are first used or installed ready for use. The $20,000 threshold applies on a per asset basis.

Assets valued at $20,000 or more will continue to be placed in the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each year after that □

Negative Gearing

As of 1 July 2027, net rental losses on some residential dwellings will no longer be able to be negatively geared.

Under the new rules, negative gearing will be limited to eligible new residential properties. For established residential properties purchased after the budget announcement date (7:30 pm AEST on 12 May 2026), rental losses will no longer be able to be offset against other forms of taxable income, such as salary and wages, from 1 July 2027. Instead, these losses can only be used to offset income or capital gains from other residential investment properties. Any unused losses will be carried forward to offset eligible residential property income in future years.

Transitional arrangements will apply so that established residential properties owned (or contracted to be purchased) before the announcement time would continue to be eligible for negative gearing under the current rules. Properties purchased between 12 May 2026 and 30 June 2027 can continue to be negatively geared until 30 June 2027, after which the new rules will apply.

Eligible new residential builds will continue to qualify for negative gearing, allowing rental losses to be offset against other taxable income under the existing rules. The proposed changes will also not apply to certain affordable housing investments, superannuation funds or most widely held trusts. Existing tax treatment for commercial property and other investment assets, such as shares, will remain unchanged □

Capital Gains Tax

The Government has proposed changes to the Capital Gains Tax (CGT) rules that would apply from 1 July 2027.

Under the proposed rule changes, the current 50% CGT discount for eligible assets held for at least 12 months will be replaced with cost base indexation. The cost base of an asset will be adjusted for inflation using the Consumer Price Index (CPI) before the capital gain is calculated. This means tax will generally apply only to the increase in value above inflation, rather than the nominal gain. A 30% minimum tax rate will also apply to real capital gains from 1 July 2027.

Transitional rules are proposed so that any capital gains accrued before 1 July 2027 will continue to be taxed

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Capital Gains tax continued...

under the current 50% discount rules. While gains accruing from 1 July 2027 onwards will be subject to the new indexation and minimum tax arrangements.

The proposal does not change the CGT exemption for a taxpayer's main residence. Eligible new residential builds will also continue to have access to the existing 50% CGT discount □

Compliance Update: What the New AML/CTF Reforms Mean for You

From 1 July 2026, Anti Money Laundering/Counter Terrorism Financing obligations will apply to certain services provided by accountants.

New AML/CTF rules are now in effect, and they bring a few key changes to how we verify and monitor our clients. Here's what you need to know:

1. Updated Customer Due Diligence

We may need to confirm or refresh certain information about you or anyone acting on your behalf. This includes routine checks for sanctions and politically exposed person (PEP) status.

2. Ongoing Monitoring

We're now required to review customer information more regularly and monitor transactions for unusual activity.

3. Existing (Pre-commencement) Clients

If you've been with us for some time, we only need to update your Customer Due Diligence if a suspicious matter must be reported or your relationship or activity changes enough to increase your risk rating

4. Reporting Requirements

We're required to submit certain reports regarding suspicious matters, large cash transactions, international transfers, and our annual compliance report.

What this means for you:

You may be asked for updated ID or supporting documents from time to time. Most clients won't notice any change, but you may occasionally receive follow-up questions if something requires further clarification. No action will be required by you unless we contact you directly.

These are obligations on us, not you, and won't affect how you use our services. If you have any questions about these updates or why we may request particular information, you can contact our office □

Payday Super Now In Effect

This information will help employers manage the changeover to Payday Super.

Here are the key things to know from 1 July 2026.

- Employers will pay super guarantee each payday, instead of quarterly. Payments are due in employees' super accounts within 7 business days after payday.
- The Small Business Superannuation Clearing House (SBSCH) will be closed from 30 June 2026.
- For the quarter ending 30 June 2026, super guarantee will continue to calculated, paid and reported for employees (and eligible contractors) under the existing quarterly super guarantee rules. The final quarterly payment is due on 28 July 2026.

If you miss the 28 July 2026 due date, a super guarantee charge (SGC) statement will need to be lodged and pay the SGC for the quarter ending 30 June 2026. The late payment offset won't be available for the final June quarterly payment □

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