



13 May 2026

BUDGET 2026: AFIA BACKS SME SUPPORT, CUTTING REGULATORY RED TAPE AND CLEAR POLICY PATHWAYS AS BUDGET FRONTS ECONOMIC HEADWINDS

The Australian Finance Industry Association (AFIA) today acknowledges the Federal Budget and its focus on productivity, reform and resilience in what is a challenging environment of sustained domestic economic pressure and international disruption to supply chains.

AFIA chief executive officer Diane Tate said it was pleasing to see a package of business support measures intended to reduce red tape and boost growth, including permanently extending the \$20,000 instant asset write off (IAWO), expanding venture capital tax incentives and a \$8 million boost for small business support programs.

“The permanent extension of the IAWO is a huge win for small businesses following years of uncertainty around the policy, hindering planning and investment,” AFIA CEO Diane Tate said.

“SMEs, which are battling higher operating costs, need long-term policy certainty to embrace capital upgrades and to invest. Measures to reduce disproportionate red tape will further support our thriving financial services sector, and it is pleasing to see the government take action to streamline regulatory frameworks and disclosures, extend the consumer data right (CDR) framework and ATO data-sharing, and allocate \$654.3 million to digital ID systems to reduce administrative burden for small businesses.”

“These reforms, coupled with credit-supportive measures like extending the Small Business Responsible Lending Obligation exemption for a further 10 years, will help businesses shrug off economic challenges and focus on growth, productivity and contributing to our vibrant economy.”

AFIA also welcomed the government’s announcement to maintain the FBT exemption for existing electric vehicle (EV) arrangements and a three-year phasing out process, which Ms Tate said would help maintain confidence in the EV market at a turning point in Australia’s energy transition.

“The government is phasing out the FBT exemption by 2029, at which point a 25 per cent FBT discount will be available for EVs. Our industry data shows EV uptake is building, especially with the immediate fuel market shock – and it is important policy change takes a long-term view and doesn’t threaten this momentum.”

“It is pleasing to see this tax reform being balanced with supply-side measures, including a \$40 million capital boost to roll out more EV charging infrastructure. Our consumer research shows that ‘range anxiety’ remains the main barrier to EV uptake,” Ms Tate said.

AFIA is also assessing announced changes to negative gearing, set to be limited to new residential property builds, and the decision to replace the 50 per cent CGT discount with cost base indexation and a minimum 30 per cent tax from July 2027, applying to all existing CGT assets.

“In terms of our housing markets, it is pleasing to see the government balance these major tax reforms with complementary supply-side measures – establishing a \$2 billion local infrastructure fund and putting \$227 million towards accelerating environment and planning approvals.”

“Challenges in our housing markets are inherently structural, so changes to CGT and negative gearing need to be supported by broader supply-side reform to address painful planning and infrastructure shortfalls.”

For investors, Ms Tate said the CGT reform reflected the greatest structural change to Australia’s savings and investment system in over 25 years and advised the government not to underestimate its impact across capital markets.

“The government has delivered a stark tax reform package and it is critical these changes help support investor confidence, rather than undermine it. We urge the government to give the same consideration to this impact, as it does to the intergenerational impact of the Budget,” she added.

ENDS

MEDIA CONTACT

For media enquiries, please contact Nicola Blackburn on 0450 074 434 or at nicola.blackburn@secnewgate.com.au.

ABOUT AFIA

AFIA is the only peak body representing the entire finance industry in Australia.

We represent over 150 members, including banks, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia’s future.

We collaborate with our members, governments, regulators, and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.