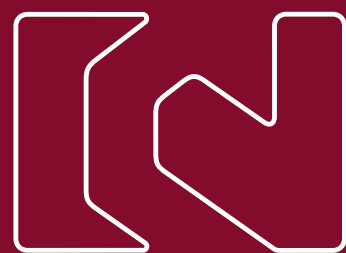


# 2025-2026 Federal Budget Summary



FOR INDIVIDUALS  
AND BUSINESSES



# TOP 15 BUDGET MEASURES FOR INDIVIDUALS & BUSINESSES

## 1. PERSONAL INCOME TAX CUTS PROPOSED

The marginal tax rate for the personal income tax threshold bracket from \$18,201 to \$45,000 will be reduced from 16% to 15% from 1 July 2026, and further reduced to 14% from 1 July 2027.

The applicable marginal tax rates and income thresholds for recent income years, as well as the proposed new rates, are depicted in the table below.

Threshold (\$)	2024–25 and 2025–26 (%)	2026–27 (%)	2027–28 (%)
0–18,200	0	0	0
18,201–45,000	16	15	14
45,001–135,000	30	30	30
135,001–190,000	37	37	37
>190,000	45	45	45

A worker on average earnings will get a new tax cut of \$268 in 2026–27 and \$536 per year from 2027–28, compared to 2024–25 tax settings.

Combined with the first round of tax cuts, they will receive a total tax cut of \$1,922 in 2026–27 and \$2,190 per year from 2027–28, compared to 2023–24 tax settings.

In 2027–28, the average combined annual tax cut across all taxpayers is expected to be \$2,548, or around \$50 per week.

## 2. INCREASING THE MEDICARE LEVY LOW-INCOME THRESHOLDS

The Government will increase the Medicare levy low-income thresholds for singles, families, and seniors and pensioners from 1 July 2024 to provide cost-of-living relief. The increase to the thresholds ensures that low-income individuals continue to be exempt from paying the Medicare levy or pay a reduced levy rate.

- The threshold for singles will be increased from \$26,000 to \$27,222.
- The family threshold will be increased from \$43,846 to \$45,907.
- For single seniors and pensioners, the threshold will be increased from \$41,089 to \$43,020.
- The family threshold for seniors and pensioners will be increased from \$57,198 to \$59,886.
- The family income thresholds will increase by \$4,216 for each dependent child or student, up from \$4,027.

## **TOP 15 BUDGET MEASURES FOR INDIVIDUALS & BUSINESSES**

### **3. ATO FUNDING TO STRENGTHEN COMPLIANCE ACTIVITIES**

The ATO will be given \$999 million in funding over 4 years to extend and expand its tax compliance activities. Additional funding includes:

- \$717.8 million over 4 years from 1 July 2025 for a 2-year expansion and a one-year extension of the Tax Avoidance Taskforce, to support compliance scrutiny on multinationals and other large taxpayers
- \$155.5 million over 4 years from 1 July 2025 to extend and expand the Shadow Economy Compliance Program, to reduce shadow economy behaviour such as worker exploitation, under-reporting of taxable income, illicit tobacco and other shadow economy activity
- \$75.7 million over 4 years from 1 July 2025 to extend and expand the Personal Income Tax Compliance Program, to enable the ATO to deliver a combination of proactive, preventative and corrective activities, and
- \$50 million over 3 years from 1 July 2026 to extend the Tax Integrity Program, to continue the ATO's engagement program to ensure timely payment of tax and superannuation liabilities by medium and large businesses and wealthy groups.

### **4. ENERGY BILL RELIEF FUND EXTENSION**

The Government will provide \$1.8 billion over two years from 2025–26 to continue energy bill rebates of \$75 per quarter for eligible Australian households and small businesses until 31 December 2025 to provide cost of living relief.

### **5. INCREASED SUPPORT FOR APPRENTICES**

The Government will provide \$722.8 million over four years from 2025–26 to deliver increased support for apprentices including:

- \$626.9 million over four years from 2025–26 to reframe the New Energy Apprenticeships Program as the Key Apprenticeship Program and expand it to capture critical residential construction occupations.

## **TOP 15 BUDGET MEASURES FOR INDIVIDUALS & BUSINESSES**

### **6. SUPPORTING THE HOSPITALITY SECTOR AND ALCOHOL PRODUCERS**

The Government will pause indexation on draught beer excise and excise equivalent customs duty rates for a two-year period, from August 2025. Under this measure biannual indexation of draught beer excise and excise equivalent customs duty rates due to occur in August 2025, February 2026, August 2026, and February 2027 will not occur. Biannual indexation will then recommence from August 2027.

The Government will also increase support available under the existing Excise remission scheme for manufacturers of alcoholic beverages (the Remission scheme) and Wine Equalisation Tax (WET) producer rebate (Producer rebate). This measure will increase the caps for all eligible brewers, distillers and wine producers from \$350,000 to \$400,000 per financial year, from 1 July 2026.

### **7. SUPERANNUATION MEASURES – PAYDAY SUPER TO PROCEED**

From 1 July 2026, Government intends to proceed with introducing major reforms to the Superannuation Guarantee regime, requiring employers to align payment of an employee's Superannuation Guarantee contributions within seven days of paying the employee's salary and wages.

These payday superannuation measures were first announced by the Treasurer on 2 May 2023 in the 2023-24 Federal Budget. Draft legislation was released by Treasury just prior to the 2025-26 Budget on 14 March 2025.

The measures remove the current quarterly due dates, replacing the date of liability to seven calendar days from when the employee is paid. Unlike current provisions, the revised Superannuation Guarantee charge (including both on time and late contributions, plus an administrative uplift component) will be tax deductible – however, the introduction of non-deductible general interest charges and penalties aim to encourage employers to pay on time.

### **8. SUPERANNUATION MEASURES - SILENCE ON PROPOSED REDUCTION TO SUPERANNUATION CONCESSIONS**

There is currently draft legislation before the Senate to reduce the tax concessions available to individuals with a total superannuation balance exceeding \$3 million (known as the 'Division 296 tax'), with effect from 1 July 2025. The 2025-26 Budget papers were silent on the Government's stance regarding the future of this measure.

If enacted, the measures propose to apply an additional tax rate of 15% on the amount of earnings relating to the proportion of an individual's total superannuation balance that exceeds \$3 million. Broadly, the deemed calculation for earnings would encompass both actual and unrealised capital gains.

Earnings on balances below \$3 million will continue to be taxed at the concessional rate of 15% or less under the existing rules.

## **TOP 15 BUDGET MEASURES FOR INDIVIDUALS & BUSINESSES**

### **9. BANNING OF NON-COMPETE CLAUSES**

The Government has announced the next tranche of its competition reforms will include banning non-compete clauses for workers earning less than the high-income threshold in the Fair Work Act (currently \$175,000).

The Government will also close loopholes in competition law that currently allow businesses to cap workers' pay and conditions, without the knowledge and agreement of affected workers and use 'no-poach' agreements to block staff from being hired by competitors.

The Government intends to consult on policy details, including exemptions, penalties, and transition arrangements and will also consider and consult further on non-solicitation clauses for clients and co-workers and non-compete clauses for high-income workers.

### **10. INCREASED RESOURCING FOR ASIC**

The Government will provide additional funding of \$207.8m over four years from 2025-26 to further assist with the stabilisation and uplift of ASIC's business registers and the reform of Australia's financial reporting governance arrangements.

This is expected to support ASIC in building connections between Director Identification Number scheme and company registers, helping to target illegal phoenixing activity.

### **11. FUNDING FOR REGULATORS TO SUPPORT AND PROTECT BUSINESSES AND FRANCHISEES**

The Government has announced \$12 million in funding to be provided over four years from 2025-26 to enhance regulation and oversight in respect of the franchising code of conduct, improve detection of phoenixing activities, support social enterprises focused on employment for disadvantaged Australians and explore options to extend protections against unfair trading practices to small businesses.

### **12. HIGHER EDUCATION LOAN REPAYMENT CHANGES**

The government will reduce all outstanding Higher Education Loan Program (HELP) and other student debts by 20%, before indexation is applied on 1 June 2025. The cut will remove a total of \$16 billion in debt.

The student loan repayment system will also be reformed from 1 July 2025 by moving to a marginal repayment system with a higher minimum repayment threshold. The minimum repayment threshold is proposed to increase from \$54,435 in 2024-25 to \$67,000 in 2025-26.

## **TOP 15 BUDGET MEASURES FOR INDIVIDUALS & BUSINESSES**

### **13. START DATE DEFERRED FOR MEASURE TO STRENGTHEN FOREIGN RESIDENT CGT REGIME**

The start date for the 2024–25 Budget measure to strengthen the foreign resident capital gains tax (CGT) regime will be deferred from 1 July 2025 to the later of 1 October 2025 or the first 1 January, 1 April, 1 July or 1 October after assent of amending legislation.

The 2024–25 Budget proposed to:

- clarify and broaden the types of assets that foreign residents are subject to CGT on
- amend the point-in-time principal test to a 365-day testing period, and
- require foreign residents disposing of shares and other membership interests exceeding \$20 million in value to notify the ATO prior to the transaction being executed (this notification process is intended to improve oversight and compliance with foreign resident CGT withholding rules where a vendor self-assesses their sale as not being taxable real property).

### **14. RESTRICTIONS ON FOREIGN OWNERSHIP OF HOUSING**

Measures will be introduced to ensure foreign investment in housing supports the government's broader agenda to boost Australia's housing supply by:

- banning foreign persons (including temporary residents and foreign-owned companies) from purchasing established dwellings for 2 years from 1 April 2025, unless an exception applies (exceptions to the ban will include investments that significantly increase housing supply or support the availability of housing on a commercial scale, and purchases by foreign-owned companies to provide housing for workers in certain circumstances)
- providing the ATO with funding over 4 years from 2025–26 to enforce the ban, and
- providing the ATO and Treasury with funding from 2025–26 to implement an audit program and enhance their compliance approach to target land banking by foreign investors.

The enhanced compliance approach by the ATO and Treasury to target land banking will ensure foreign investors comply with requirements to put vacant land to use for residential and commercial developments within reasonable timeframes.

### **15. EXPANSION OF SHARED EQUITY HOUSING ACCESS**

Ahead of the Budget the Government announced it would expand eligibility for its shared-equity housing program, adding an extra \$800 million to its investment in the program and lifting income caps to cover most first home buyers. The government will allow individuals applying for the Help to Buy program to earn up to \$100,000, and up to \$160,000 for couples and single parents.

#### **SYDNEY**

Suite 1.03,  
100 Pacific Highway,  
North Sydney,  
NSW, 2060

#### **BRISBANE**

36 Agnes Street,  
Fortitude Valley,  
QLD, 4006

#### **NEWCASTLE**

130 Parry Street,  
Newcastle West,  
NSW, 2302

#### **CONTACT**

**PHONE** 1800 988 522  
**EMAIL** [cnmail@cutcher.com.au](mailto:cnmail@cutcher.com.au)  
[cutcher.com.au](http://cutcher.com.au)

---

**Providing comfort and clarity since 1953**

 **Cutcher & Neale**  
ACCOUNTING AND FINANCIAL SERVICES