INTELLIGENT INVESTOR

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June 2026

The Rules Are Changing: Tax, Housing & Your Wealth

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What was announced on 12 May

NEGATIVE GEARING

Limited to new builds from 1 July 2027.

Established properties bought after 7:30pm AEST, 12 May 2026: rental losses quarantined to residential property income & capital gains, carried forward indefinitely.

Everything owned before Budget night: unchanged.

CAPITAL GAINS TAX

50% discount replaced by cost-base indexation (CPI) plus a 30% minimum tax rate on gains, from 1 July 2027.

Applies to ALL CGT assets held by individuals, trusts and partnerships — shares, ETFs, managed funds, property.

Gains accrued before 1 July 2027 keep the 50% discount.

12 May 2026
Announced (Budget night)

1 July 2027
Both measures commence

Ongoing
Senate passage pending

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Negative gearing: quarantined, not abolished

Residential investment property

- Held before 7:30pm AEST 12 May 2026
  WHEN did you buy?
  - **UNCHANGED.** Deduct losses against any income, exactly as now. Grandfathered indefinitely.
- Bought after Budget night
  - New build
    WHAT are you buying?
    - **GEARING RETAINED.** Losses deductible against other income. Plus a CHOICE of old or new CGT regime on sale.
  - Established dwelling
    - **QUARANTINED.** Losses deductible only against residential property income & capital gains; unused losses carry forward. Transitional: buy before 30 June 2027 and you may negatively gear until commencement, not after.

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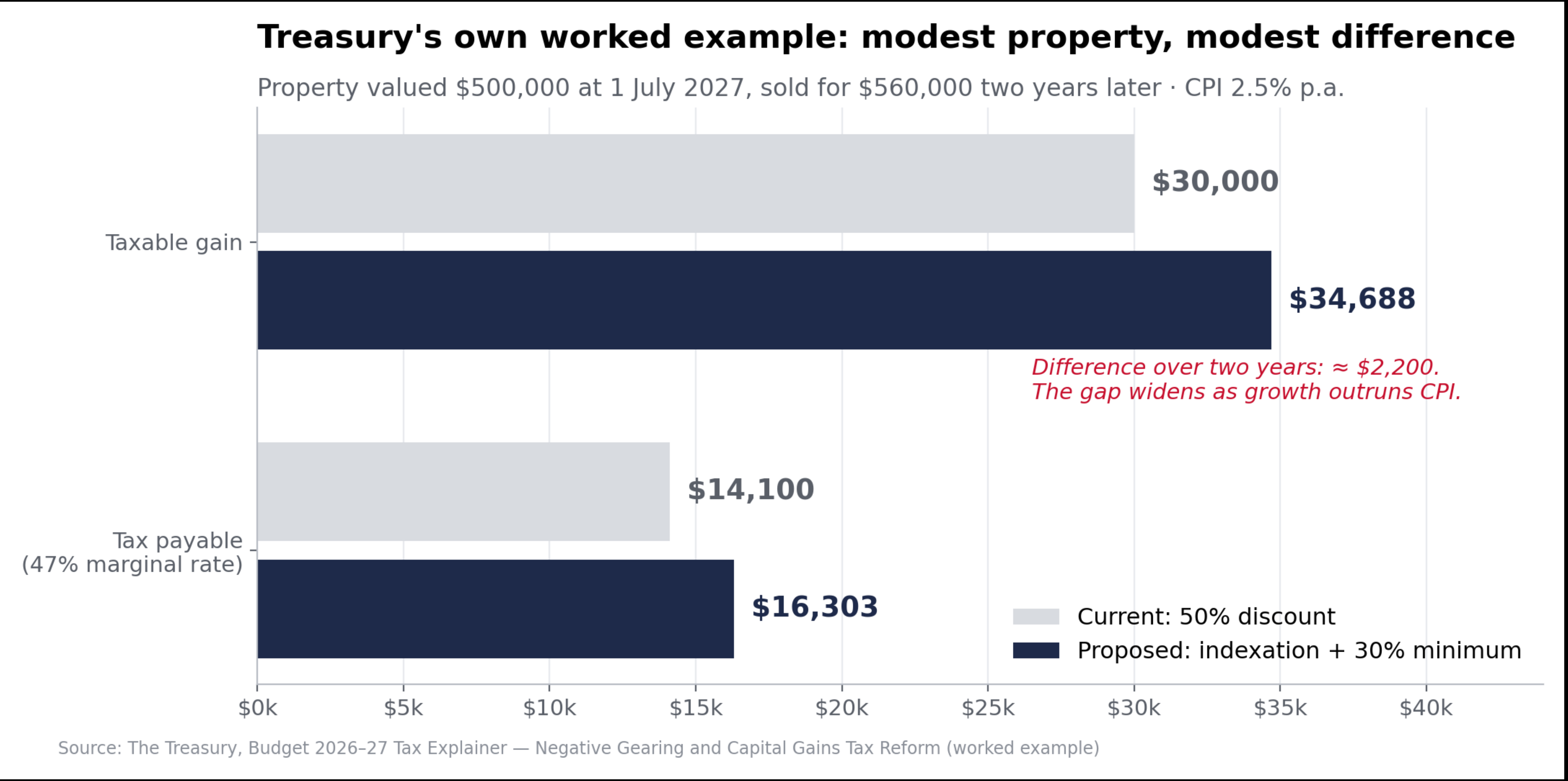
CGT: back to the future — indexation taxes only your real gain



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What is NOT changing

NOT CHANGING	**Your home**	Main residence exemption untouched.
NOT CHANGING	**Properties you already own**	Grandfathered for negative gearing. No forced change.
NOT CHANGING	**Gains you've already accrued**	Growth before 1 July 2027 keeps the 50% discount.
NOT CHANGING	**Your super**	Fund CGT settings expected to be unchanged (15% in accumulation). Verify final bill.
NOT CHANGING	**Income support recipients**	Exempt from the 30% minimum tax.

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How we got here — 1985: the road not taken

1985
Hawke–Keating introduce CGT: real gains taxed, cost base indexed to CPI

1987
1985 negative gearing quarantine reversed after two years — the ghost that haunted reform for 40 years

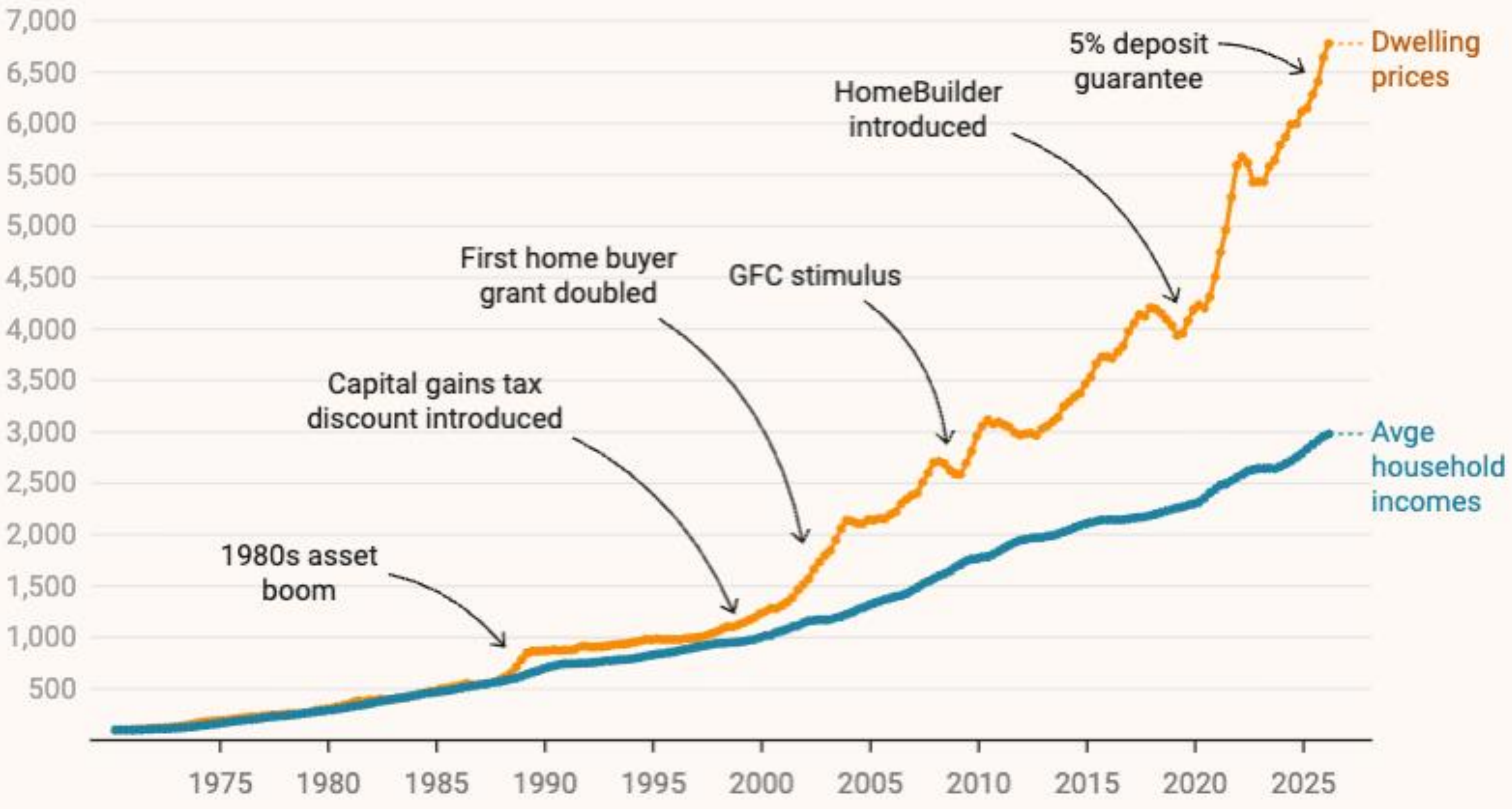
1999
Ralph Review: indexation abolished for new gains; 50% discount introduced

2016–19
Labor proposes NG/CGT reform; loses both elections

2026
Budget proposes indexation restored + 30% minimum; gearing limited to new builds

2026 is, in essence, 1985 with a minimum tax rate and better grandfathering.

Index of dwelling prices and household income (1970 = 100)



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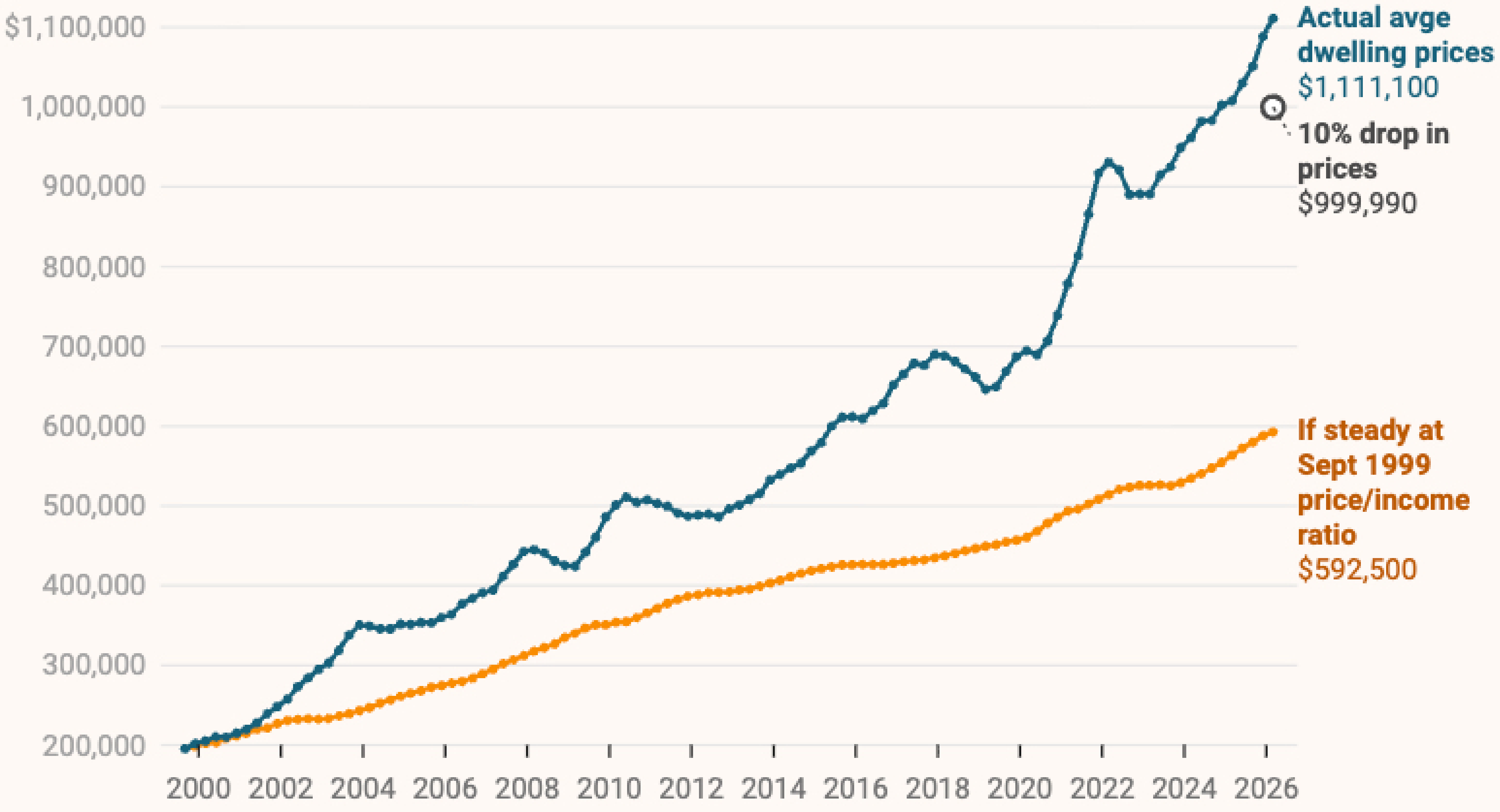
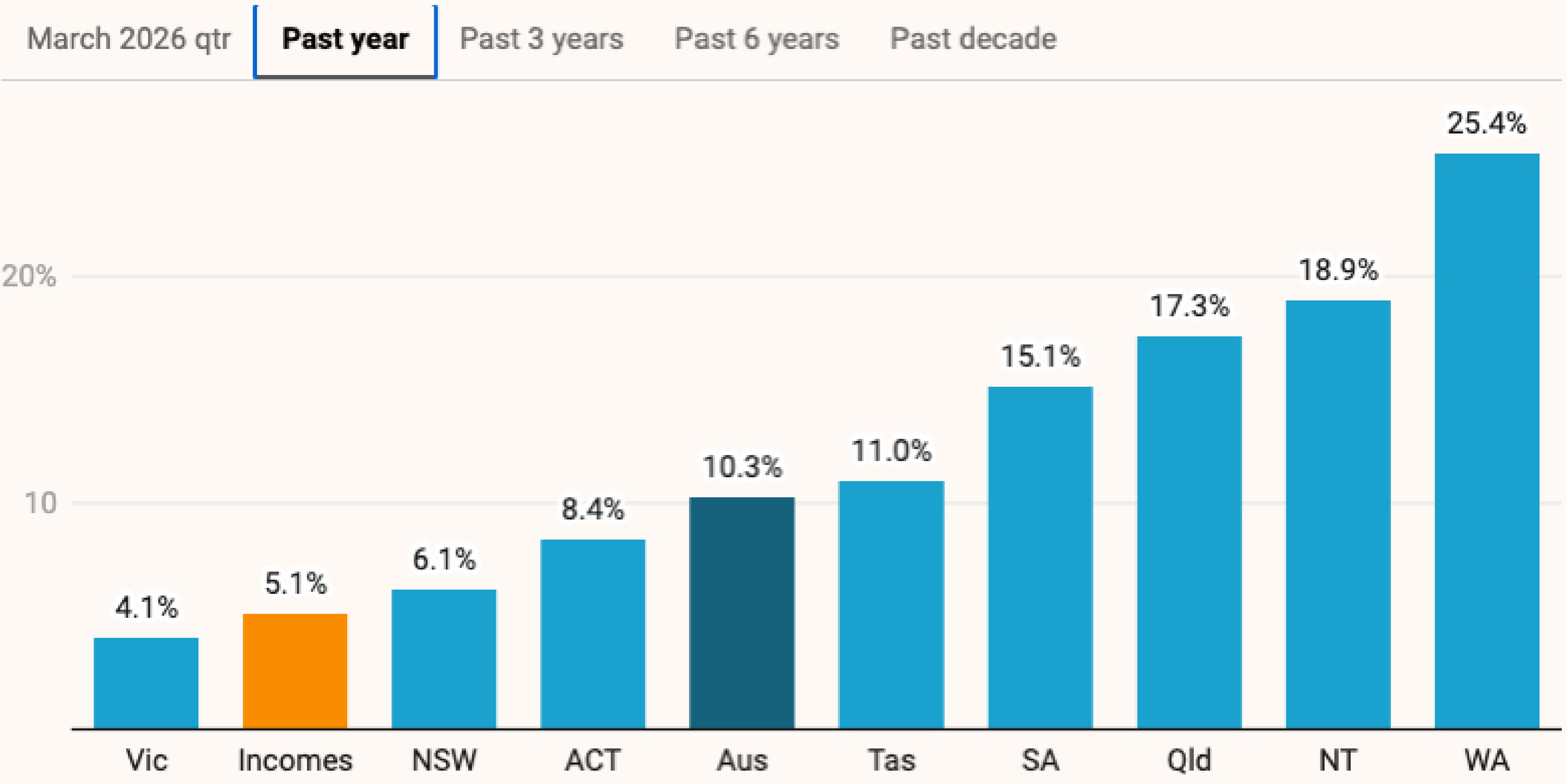
Average dwelling prices since 1999



Growth of average incomes and dwelling prices



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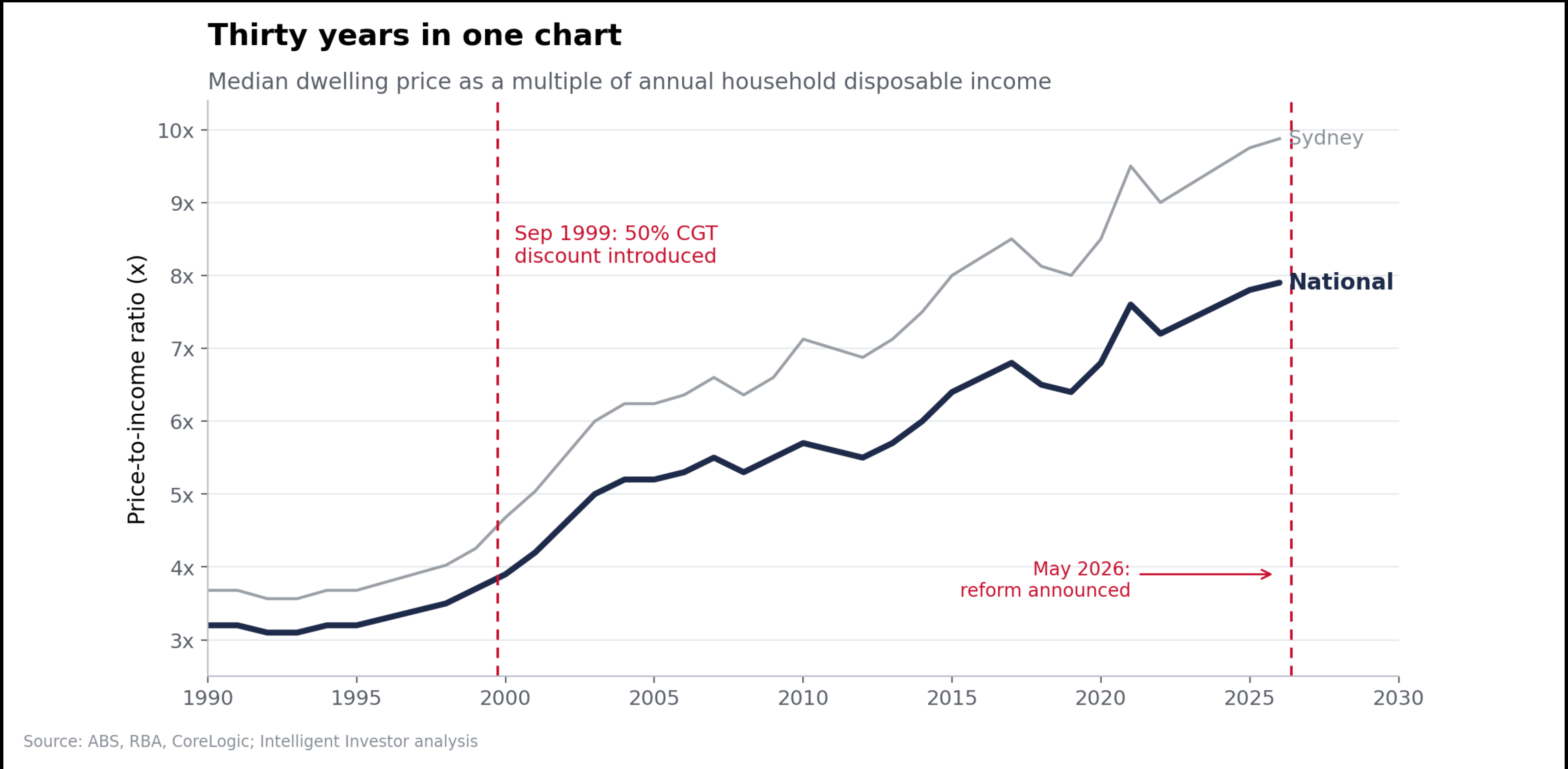
Houses didn't get more valuable. They got more expensive.



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New investment taxes on capital gains

Individual	minimum 30% up to 47% minus CPI
Company	30%
Trust	30%
Super	accumulation 15% retirement 0%

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Growth since 2000… and in the future

National median house price	370%
ASX 200	190%

NOW…

National median house price	probably 0% p.a.
ASX 200	usually 7% p.a.

Structures: super, SMSFs and family trusts

Superannuation / SMSF	Fund CGT settings expected unchanged: 15% on gains in accumulation; 0% in pension phase. SMSFs excluded from the negative gearing changes. Caveats: contribution caps, preservation, Division 296 still in play. Verify final bill.	**RELATIVELY MORE ATTRACTIVE**
Individual / joint names	Full new regime from 1 July 2027: indexation plus 30% minimum on all asset classes. Pre-commencement gains keep the 50% discount.	**NEW REGIME APPLIES**
Discretionary (family) trusts	Hit twice: the new CGT regime applies AND a separate trust reform was announced (projected ≈$4.5bn revenue in 2029–30; fixed and widely held trusts excluded; three years of rollover relief from 1 July 2027). Detail still being drafted — verify against Budget Paper No. 2.	**HIT TWICE — REVIEW NOW**

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