



Federal Budget Night Overview
Summary of key announcements

Summary of Key Announcements

- » From 1st July 2027, Negative Gearing provisions will be restricted to newly built homes only.
- » The 50 per cent Capital Gains Tax (CGT) discount will be replaced by a system of indexation which means that only the above inflation component of asset price increases are included as Taxable Income. The above inflation component of the capital gain will be subject to a minimum 30 per cent CGT tax rate.
- » The 50 per cent Capital Gains Tax discount will no longer apply after 1 July 2027. Instead, a minimum 30 per cent Capital Gains Tax rate will be applied to the portion of the gain which is above general inflation. However, investors in newly built homes can choose whether to apply the old system or the new system depending on what best suits them.
- » The budget also provides for a \$2 billion Local Infrastructure Fund to help create enabling infrastructure for new housing like power, roads and drains.
- » Treasury estimates that the Local Infrastructure Fund will generate an additional 65,000 new homes over a decade. However, the new restrictions on Negative Gearing and the CGT tax discount are expected by Treasury to depress new home building by 35,000 homes over a decade.
- » Overall, Treasury anticipates that The housing measures will boost the supply of new homes by around 30,000 homes over the next ten years. However, had CGT and Negative Gearing been left unchanged, the budget would have boosted new home building by around 100,000.
- » From 1 July 2028, trustees will pay a minimum of 30 per cent on the taxable income of discretionary trusts. Further work still needs to be done to fully understand the implications for our industry.

Summary of Key Announcements: Housing

Negative Gearing

- » For all homes purchased before today, negative gearing continues to apply as before.
- » For established homes purchased by investors after today, net rental losses incurred from 2027/28 financial year onwards can only be deducted against future rental income or capital gains.
- » Newly built homes purchased by investors after today will continue to qualify for negative gearing provisions indefinitely.
- » However, investors who purchase newly built homes can choose whether to apply the old CGT system or the new CGT system – whichever best suits them.
- » Income support payment recipients, including Age Pension recipients, will be exempt from the minimum tax.
- » Combined, the new restrictions on Negative Gearing and CGT are projected by Treasury to reduce new home building by 35,000 over a 10-year period.

Capital Gains Tax

- » For all assets, capital gains up to 30 June 2027 will continue to be taxed as before (i.e. with a 50 per cent CGT discount for assets held for more than one year).
- » From 1 July 2027, only above inflation capital gains will be subject to Capital Gains Tax – but a minimum 30 per cent rate will apply.
- » The new system means that for assets sold after 1 July 2027, the asset's market value on 30 June 2027 will need to be estimated.
- » A new \$2 billion Local Infrastructure Fund is being established to help local governments and state utilities build essential infrastructure like water, power, sewerage and roads.
- » Treasury estimates that this Fund will support the delivery of up to 65,000 new homes over the next decade.

Local Infrastructure Fund

Ban on foreign buyers

- » The ban of foreign purchases of established homes will be extended up 30 June 2029. The ban started on 1 April 2025 and was due to expire at the end of March 2027. Permanent residents and NZ citizens are exempt from the ban.

Summary of Key Announcements

Taxation

Taxation of trusts

- » From 1 July 2028, trustees will pay a minimum of 30 per cent on the taxable income of discretionary trusts.
- » Beneficiaries, other than corporate beneficiaries, will receive non-refundable credits for the tax payable by the trustee.
- » Some types of trust will be exempt from this new measure, such as special disability, deceased estates, charitable trusts and complying superannuation funds.
- » The changes in the taxation of trusts is anticipated to increase tax receipts by \$4.47 billion in 2029-30.
- » Further analysis will be performed by Master Builders over coming days to fully understand the implications of these changes for our industry.

Taxation of workers, trusts and businesses

- » \$250 Working Australians Tax Offset is a permanent tax offset that will take effect from 1 July 2027 for income resulting from work, including sole traders.
- » A \$1,000 instant tax deduction will take effect in the 2026-27 financial year. For work-related expenses totalling up to \$1,000, no receipts are required.
- » The \$20,000 Instant Asset Write Off for businesses with turnover below \$10 million is to be made permanent.
- » Businesses of less than \$1 billion in annual turnover can carry back losses suffered for up to two previous financial years.
- » The Fringe Benefits Tax regime for electric vehicles is to be scaled back over coming years.
- » Distributions from discretionary trusts are to be taxed at 30 per cent from 1 July 2028.
- » Loss refundability is to be introduced to support start-up businesses invest and grow in their first two years of operation.
- » Tax incentives are to be expanded for venture capital to help unlock capital for young expanding businesses.

Summary of Key Announcements

Workforce and Red tape

Workforce, training and skilled migration

- » 2026-27 permanent Migration Program planning level is at 185,000 – of which 132,240 are allocated to the Skill stream. Priority will be giving to those already here in Australia.
 - » Faster skills assessments for migrant trades workers accelerating occupational licensing. The budget papers forecast that this would result in an additional 4000 skilled trades workers per year.
 - » New program of skills assessments for onshore visa holders, ensuring their existing qualifications and practical trade experience are recognised measures Master Builders have long called for
 - » Reforms to the permanent migration points test, to select better educated, higher-skilled and younger migrants overall.
- » \$42.7 million per year over four years from 2026-27 to provide ongoing grants to Standards Australia to provide free public read-only access to standards referenced in Commonwealth, state and territory legislation. [this is \$10.7 million per year].
 - » From 1 July 2027, small and medium businesses will be able to opt in to reporting and paying PAYG instalments monthly.
 - » Doubling competition and consumer law penalties to a maximum of \$100 million.
 - » Making all mandatory Australian standards free, including across construction, occupational health and safety, and product safety, saving small electrical, plumbing and construction firms up to \$1,600 per year in access fees.
 - » Delivering new agreements with states to remove regulatory barriers to modern methods of construction in housing and streamline commercial zoning and planning.

Red tape, competition and regulation

- » Federal budget aims to cut the regulatory burden by \$10.2 billion per year.
- » Faster environmental and low-risk foreign investment approvals to accelerate new projects.

Summary of Key Announcements

Energy security

- » 20 per cent of gas exports are to be reserved for Australian users.
- » \$7.5 billion Fuel & Fertiliser Facility to secure more fuel from international partners.
- » \$3.2 billion Australian Fuel Security Reserve to build long-term fuel resilience.
- » \$1 billion in interest-free loans to help manufacturing and logistics businesses.
- » Increased ATO flexibility for businesses unable to meet tax obligations due to fuel supply issues.