

# Tax Planning Guide

2026

As we approach the end of a financial year, there are some factors you may wish to consider as part of your year-end tax planning. Please read through our key areas to be aware of for Businesses & Individuals.

**Please be aware that there are several measures which were announced as part of the 2026-27 Federal Budget which will have significant impact on many of our clients' Tax Planning needs. We have highlighted these measures below however; it must be noted that at the time of publishing (May 2026) the legislation has yet to be drafted or passed by Parliament. Armada will provide further updates on these measures as they evolve.**

Importantly, none of the major measures apply immediately. Most commence from:

- 1 July 2027 (CGT + negative gearing changes)
- 1 July 2028 (trust reforms)

Given the timing and expected political debate, these measures are not yet law and may change.

## Business

- ✓ Review your fixed asset register against the physical assets of your business and write off any plant or equipment that is obsolete or no longer in use.
- ✓ Consider your old receivables, are they recoverable? If not, write off your bad debts to obtain the tax deduction assuming you are reporting on an accruals basis for tax purposes.
- ✓ Complete a stock take at 30 June 2026.
- ✓ If operating your business through a trust, make sure you have resolved how income will be distributed for tax purposes prior to 30 June 2026.

### Prepaid Income (aka "Income in Advance")

Customer deposits for upcoming services or products can be considered prepaid income that may be deferred to the following financial year.

This can help reduce the business' taxable income and any associated tax liability for the 2026 financial year.

### Instant Asset Write Off - For eligible small business owners

In April 2025, the Government extended the Instant Asset Write Off to allow eligible small businesses (turning over less than \$10 million) to immediately deduct the full cost of assets costing less than \$20,000 each, that is first used or installed ready for use by 30 June 2026.

*On 12 May 2026, as part of the 2026-27 Federal Budget, the Government announced that the Instant Asset Write Off will be made permanent. This measure is not yet law.*

## Pre-paying deductible expenses

Consider paying tax deductible expenses (where cash flow permits it) before 30 June to bring forward your tax deduction to the current financial year. Examples of tax deductible expenses include office supplies, materials, subscriptions etc.

Businesses have more concessions and deductions available than employees. The amount of concessions and deductions depends on whether the business reports on an accruals or cash basis.

## Division 7A loans

Where companies have lent money to Directors, Shareholders or Associated Entities (except for Associated Companies) in previous years, minimum loan and interest repayments must be made by 30 June 2026. Note, the benchmark interest rate on Division 7A loans has been reduced to 8.37%, down from 8.77% in FY 2025.

For current year loans, full payment or a written loan agreement must be in place before the company's return lodgement due date. This is to avoid it being counted as an unfranked dividend for the individual.

## Trust distributions

A reminder that trustees need to have decided how the income for the year is to be distributed, prior to 30 June, and this must be documented.

### ***2026–27 Federal Budget announcements:***

- *From 1 July 2028, the Government will introduce a 30% minimum tax on discretionary trust income, payable by the trustee.*
- *Beneficiaries will still include distributions in their tax returns, but non-corporate beneficiaries will receive non-refundable tax credits for tax paid by the trustee.*
- *Corporate beneficiaries will not receive credits, limiting the effectiveness of existing distribution strategies involving bucket companies.*
- *Trustees will have additional reporting and compliance obligations, including calculating and allocating tax credits to beneficiaries.*

***At this stage, it is too early to consider planning options and/or changes to structure as these measures have not yet been made law. However, it is highly likely that legislative changes will indeed occur necessitating strategic reviews of all trusts. The reviews will ultimately determine the need for restructuring how assets and businesses are owned in the future. We will be in touch when there is more certainty from the government.***

## Payday Super

Ensure all employee superannuation contributions are paid and received by employee superfunds before 30 June. With Payday Super commencing from 1 July 2026, review payroll processes to meet more frequent payment obligations and ensure ATO compliance to avoid penalties.

# Individuals

## Superannuation contributions & pension

- ✓ Check your eligibility before making superannuation contributions.
- ✓ Deposit the contributions into your superfund account by 30 June 2026 to count in the current financial year. We recommend a minimum of 10 days earlier to avoid superstream delay.
- ✓ The concessional contributions cap for 2025-26 is \$30,000 for all individuals. Going over the cap results in paying more tax, so try to avoid this. The cap will increase to \$32,500 from 1 July 2026.
- ✓ Super contributions are tax deductible in the financial year they are paid and received by the superfund.
- ✓ Adhere to relevant contribution caps and ask about any carry forward unused concessional contributions available to you. If your total super balance was less than \$500,000 at 30 June of the previous financial year, you may be able to utilise unused concessional contribution caps from the past 5 years.
- ✓ Those drawing a superannuation pension, you need to ensure the minimum pension is withdrawn from your superfund by 30 June 2026.
- ✓ If your adjusted taxable income (income + investment losses + fringe benefits + concessional super contributions) is close to or exceeds \$250,000, consider the impact of Division 293 tax, which may apply an additional 15% tax on some or all of your concessional contributions. This reduces the tax advantage of contributing to super for higher income earners.
- ✓ If your total super balance is approaching or exceeds \$3 million, consider the potential impact of Division 296 tax from 1 July 2026, which imposes additional tax on earnings attributable to balances above this threshold. SMSF trustees should consider obtaining up-to-date market valuations for property and other assets as at 30 June 2026 to support Division 296 transitional relief and compliance requirements.

## Capital Gains Tax (CGT)

For real estate, cryptocurrency, or shares subject to capital gains tax (CGT), the contract date, not the settlement date, is when the sale is recognised for tax purposes. Therefore, when planning to defer or minimise tax, you must consider the timing of signing the contract, not just when income is received or proceeds are settled, ensuring any sales or income events occur after 30 June 2026, where commercially feasible.

### ***2026–27 Federal Budget announcements:***

- *The Government will replace the 50% CGT discount with a cost base indexation model (linked to CPI) and introduce a 30% minimum tax on capital gains for individuals, trusts and partnerships.*
- *These CGT changes will apply only to gains accruing from 1 July 2027, with existing investments largely grandfathered (subject to transitional rules).*
- *The introduction of a 30% minimum tax reduces the benefit of deferring capital gains into low-income years.*
- *Negative gearing will be limited to new residential properties, and from the announcement date (7:30pm AEST 12 May 2026), rental losses on newly acquired existing properties can only offset residential property income (not salary/wages), with excess losses carried forward.*

***Early, proactive planning will be essential given the significant structural changes to CGT and property taxation from the proposed commencement date of 1 July 2027. However, planning should not take place until the details of these changes have been formalised and passed through Parliament. We will communicate more details on these changes when they become available.***

### **Investment Properties**

Getting a depreciation report from a quantity surveyor is tax beneficial. It includes depreciation calculations for assets and the building and covers multiple financial years.

If you have a fixed-rate, interest-only investment loan, and if your bank will allow it, consider prepaying up to 12 months of interest before the end of the financial year to secure a lower interest rate. Paying 'Interest in Advance' may allow you to bring forward a tax deduction into the current financial year if you meet the ATO rules, which can be particularly beneficial if you're expecting a higher income or capital gain this year.

### **Working from Home Deductions**

Individuals can claim expenses including electricity, gas, phone, internet, computer consumables, and stationery at 70 cents per hour worked from home. Taxpayers can claim deductions for the decline in value of assets separately. Keep track of your hours worked from home to calculate your home office claim for the 2026 financial year.

### **Work-related expenses**

Keep all receipts for work-related expenses such as uniforms, training courses and learning materials, as these may be tax deductible.

### **Maintaining complete records**

Consider using an app or other web-based solutions for recording expenses and maintaining your vehicle log book.

**Please note that the information above is for general information purposes only, these are things you should be thinking about as you approach the end of the 2026 financial year. It is important to carefully consider your tax planning ahead of the deadline and seek professional advice when considering any of the above. Should you wish to discuss your tax planning options, please reach out to our office.**