



**Taxation & Financial Planning Newsletter for FY2025/26**

**Resident Individual Tax Rates – 2026 (same as Previous year 2025)**

Taxable income	Tax on this income
\$0 – \$18,200	Nil
\$18,201 – \$45,000	16% of excess over \$18,200
\$45,001 – \$135,000	\$4,288 + 30% of excess over \$45,000
\$135,001 – \$190,000	\$31,288 + 37% of excess over \$135,000
\$190,001 and over	\$51,638 + 45% of excess over \$190,000

The above rates do not include the Medicare levy. Foreign residents pay tax from the first dollar earned. Minors (under age 18) pay increased rates after \$416 for non-employment income.

- ❖ 2025-26 Low Income Tax Offset of \$700 applies income up to \$37,500 and income between \$37,501 and \$45,000 offset will be \$700 minus 5 cents for every \$1 in excess over \$37,500. Between \$45,001 and \$66,667 offset will be \$325 minus 1.5 cents for every \$1 in excess over \$45,000. Offset will not be applicable for income \$66,668 & above.
- ❖ Medicare levy of up to 2% is normally payable for income above \$28,011 on top of the above tax rates. In addition, Medicare levy surcharge may be payable as per the table given below.
- ❖ HECS-HELP Repayment Rate vary between 1.5%-10% depending on your income. For FY2025/26, below \$67,000 repayment rate is NIL and maximum will be 10% for income from \$179,286 and above.

Taxable income = Assessable Income (less) Allowable Deductions.

*Tax credits and offsets (rebates) may directly reduce the resulting tax payable*

**Company and Fringe Benefit Tax Rates:**

Company tax is 25% for Base rate entities (turnover threshold < \$50M) for FY2025/26, otherwise general company tax rate is 30%. Fringe Benefits tax rate is 47% for FBT year ended 31 March 2026. It will be same for year ending 31 March 2027.

**‘Cents per Km Rates’ to claim car expense up to 5000 km:** The rate is **88 cents (same as PY)** per kilometer for assessable travel for FY2025/26.

**Work from Home Expenses:** The per hour rate is 70 cents (same as PY). This rate is inclusive of all running costs such as electricity, gas, phone, internet etc. You can additionally claim depreciation on equipment according to the usage.

**Medicare levy Surcharge:**

Medicare surcharge levy may be payable (if the appropriate cover is not held). In a single year, two separate PHI rebate percentages will be applied in calculating taxpayer’s whole year rebate.

The impact from 1 July 2025 is shown in the table below. \*The offset entitlement for those below age 65

Income for surcharge purposes	Single	\$101,000 or less	\$101,001-\$118,000	\$118,001-\$158,000	Over \$158,001
	Couple (combined)	\$202,000 or less	\$202,001-\$236,000	\$236,001-\$316,000	Over \$316,001
Medicare levy surcharge		0%	1%	1.25%	1.5%

**Superannuation:**

**Minimum withdrawals from super pension account**

The minimum annual payment required from account-based pension is based on the age group. Please call us to discuss or email us if more information is required.

**Super Contribution Cap:** The concessional (i.e., tax deductible) contribution of \$30,000 (**increases to \$32,500 for FY2027**) continues to apply for people aged 75 or less. With some scope for additional catch-up contributions if meet certain conditions. Please contact us if you need advice.

**Maximise non-concessional contributions:** Personal contributions, where no tax deduction is claimed, count towards the non-concessional contributions cap. This cap is \$120,000 (increases to \$130,000 for FY2027) with some bring forward provisions.

**Salary Sacrifice and / or direct Member Contributions:** Both reduce your assessable income & hence tax impact. Please contact us if you would like advice on these strategies.

**Downsizer contribution.** If you are over 55 years old and selling your family home that you have owned for more than 10 years you may be able to contribute up to \$300,000 from the proceeds of the sale of your home into your superannuation fund. If interested, please call to discuss your eligibility.

**Super Co-Contribution:** The maximum co-contribution from the Government is 50% of the contribution made capped at \$500 for FY 2025/26 for those who earn up to \$47,488 and make a personal contribution. The co-contribution decreases on a sliding scale and ceases at \$62,488.

**Spouse contributions tax offset:** If you make a personal contribution on behalf of your spouse (spouse's total income must be less than \$40,000) before the end of the financial year, you will be eligible for an 18% tax off-set for contributions up to \$3,000, which means up to a \$540 tax off-set.

**Low Income Superannuation Tax Off-set (LISTO):** If you earn less than \$37,000, the government may pay a benefit up to \$500 directly to your super fund.

From 1 July 2026, **Super Guarantee** remains at 12%, same as before.

**Aged care advice:** We have been accredited again to provide this advice. Please contact us when needed.

**Federal Budget 2026-27 (announced 12 May 2026) Most of them already passed through parliament:**

The Budget highlights: (budget paper is available in our website at [www.palani.com.au](http://www.palani.com.au) under "Links and Resources").

**Working Australians tax offset:** From 2027/28, government will introduce \$250 Working Australian Tax Offset. They will also introduce \$1,000 instant tax deduction from FY 2027.

**Capital gains tax:** From 1 July 2027, government will replace 50% CGT with discount based on inflation and introduce minimum 30% tax rate on Capital Gains. **However,** Investors who buy new builds can choose either existing 50% CGT or new inflation-based arrangements & minimum tax.

**Negative gearing:** From 1 July 2027, negative gearing of residential properties will be limited to new builds. Properties held before announcement (12 May 2026) will be exempt from these changes. Investors who buy established housing after 12 May 2026 can carry forward excess losses to future years but cannot offset negative gearing losses against wages and other income.

**Discretionary Trusts:** From 1 July 2028, government will introduce minimum tax rate of 30% for discretionary trusts. Rollover relief will be available for 3 years from 1 July 2027.

### **Business at Palani & Associates:**

We are looking to grow in Tax and Financial Planning. Your referrals are most welcome. Ramiah, Arjun, Kabita & David will effectively work for your best outcomes this Tax Season.

<b>For tax returns, tax planning &amp; financial planning on creating and maximizing your wealth, in a tax effective manner for the future please do not hesitate to contact us.</b>	
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**We appreciate and value your business.**

As Certified Practising Accountants and Licensed Financial Advisers, we specialise in helping you, our valued client, to take control of your financial future and maximise benefits.

#### **Disclaimer**

*We have attempted to cover a wide range of topics in this paper. However, you should not act solely based on information contained here because points are of a general nature & tax laws may apply differently depending on circumstance.*