Global Reward Update
Australia

Capital Gains Tax (CGT) changes - removal of 50% CGT discount for individuals and trusts and introduction of 30% tax

July 2026

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Headline

The Australian Government has enacted the Treasury Laws Amendment (Tax Reform No. 1) Act 2026, introducing a package of reforms aimed at delivering a fairer tax system for workers, first home buyers and future generations. As part of the broader tax reform initiatives affecting individuals and other entities, changes have been introduced to the capital gains tax (CGT) regime for individuals and trusts. From 1 July 2027, the existing 50% CGT discount will be replaced with cost base indexation for assets held for more than 12 months. In addition, a 30% minimum CGT rate will apply to net capital gains accruing from 1 July 2027.

Current position

Individuals and trusts selling or otherwise disposing of assets (including shares) can reduce their capital gain by 50%, where both of the following apply: • The asset has been owned for at least 12 months; and

- The asset has been owned for at least 12 months; and
- The individual or trust is Australian resident for tax purposes.

New position

From 1 July 2027, the 50% CGT discount will be replaced by cost base indexation for assets held for more than 12 months, which will be calculated using the Consumer Price Index (CPI) in a similar manner to the previous system in place between 1985 and 1999. This change will apply to all CGT assets including pre-20 September 1985 CGT assets held by individuals and trusts. Transitional arrangements will apply to limit the impact on existing investments (see further below).

In addition to the removal of the discount, a minimum tax rate of 30% will apply to net capital gains accruing from 1 July 2027, a measure intended to deter taxpayers from deferring capital gain realisation to years where their marginal tax rates are low. Recipients of means-tested income support payments, such as the Age Pension or JobSeeker, will be exempt from the minimum rate of CGT.

Transitional arrangements

The Federal Budget set out transitional arrangements which will apply to eligible CGT assets other than new residential properties:

- There will be no changes in arrangements for assets purchased and sold prior to 1 July 2027.
- Assets purchased after 1 July 2027 will be treated wholly under the new arrangements.
- Assets owned prior to 1 July 2027 and sold after that date will be treated under the previous arrangements in respect of gains made prior to 1 July 2027, and under the new arrangements in respect of gains made after that date (with no impact until gains are realised).
  - The 50% CGT discount will apply to the difference between the asset's cost base and its value at 1 July 2027.
  - Cost base indexation and the minimum tax will be used to calculate the CGT on gains accruing from 1 July 2027 (using the asset's value at I July 2027 as its cost base).
- Capital gains on pre-20 September 1985 assets arising before 1 July 2027 will remain exempt from CGT.

Deloitte's view

In broad terms, the removal of the CGT discount, combined with the introduction of a minimum 30% tax rate, is likely to affect individuals' investment choices, ownership structures, and transaction timetables. Global employers with an employee share population in Australia should consider reviewing and updating their employee communications to reflect the changes to CGT.

Who to contact

If you would like our assistance with updating your processes and/or scheme documentation and/or employee communications to reflect the above changes, or have any further questions, please speak to your usual Deloitte contact or any of the contacts listed below.

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