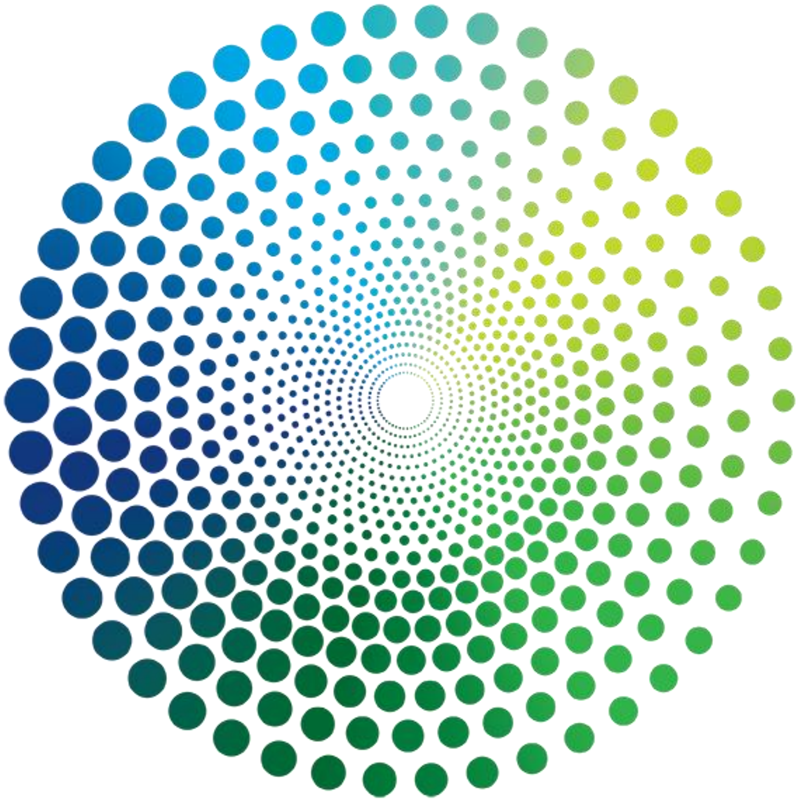
Deloitte.

19 May 2025
Australia 2025/6



Tax Insights

Post election tax policies of the Albanese Labor government

On 3 May 2025, the Albanese Labor government was re-elected for a second term with an increased majority in the House of Representatives. The Prime Minister has indicated that despite a majority in the House, he will run an inclusive government. "*My door is open to members of any political party, or none, who are elected as members of the House of Representatives or the Senate. They all deserve to be treated with respect. If people have good ideas, we're up for hearing them. We're being an ambitious government. We'll continue to be an ambitious government, but we won't get carried away, and we'll continue to engage*"[1].

Tax-related policies have not been a large feature of this election campaign. When asked whether the government will be tempted to consider things like changes to the tax and superannuation system, Prime Minister Albanese responded "*Look, we're not getting ahead of ourselves. I didn't get ahead of myself in the last three years, we had a clear mandate to govern*"[1]. The Treasurer also confirmed that "*we're looking forward to implementing the agenda that we took to the election*"[2] alluding to the fact there are no plans to expand the tax and super agenda at this time.

[1] Press conference – Canberra Transcript Monday 5 May 2025
[2] Transcript television interview ABC Insiders Sunday, 4 May 2025

Priorities next term

From the Prime Minister's perspective, the first priority will be legislating the 20 per cent cut in student debt.

The Treasurer has indicated that whilst the ongoing deficits "will obviously require our ongoing attention" but in terms of priorities, managing global economic uncertainty, and rolling out the ALP's domestic agenda in respect of Future Made in Australia, housing, energy, technology, human capital, competition policy are paramount.

He noted that the second term of government will be primarily focused on productivity with a report expected in the third quarter of this year by the Productivity Commission. The Commission is conducting five inquiries to identify and report on priority reforms in each of the areas under the government's five pillar productivity growth agenda.

1. Creating a more dynamic and resilient economy
2. Building a skilled and adaptable workforce
3. Harnessing data and digital technology
4. Delivering quality care more efficiently
5. Investing in cheaper, cleaner energy and the net zero transformation.

Broad based tax reform does not appear to be a priority in the next term.

The Senate composition has not yet been finalised at the date of writing however it is anticipated that the government will need either the Greens or the Liberals support to pass bills in the upper house.

This Tax Insight summarises what business can otherwise expect beyond the election from the government elect and the Greens given their influence in the Senate.

A return to Parliament

The Parliament may meet as soon as the writs have been returned and, under the Constitution, must meet no later than 30 days after the last day appointed for the return of the writs. The latest date for the return of writs date is 9 July[3], meaning that the last day Parliament must resume is 8 August. However, it is expected that Parliament will return earlier than that, and possibly in late July.

In addition, the ALP may present either a second mini budget or a further economic statement in the second half of this year, given the "light" Federal Budget delivered in March 2025.

What to expect from the Labor government

Individuals

Personal income tax cuts

The ALP announced in the Federal Budget 2025-26 and subsequently legislated modest tax cuts for individuals. From 1 July 2026, the 16 per cent tax rate, which applies to taxable income between $18,201 and $45,000, will be reduced to 15 per cent. From 1 July 2027, this tax rate will be reduced further to 14 per cent.

$1,000 instant tax deduction

The ALP has also announced that from 2026-27 taxpayers who earn labour income (personal exertion) will be able to choose to claim a $1,000 instant tax deduction instead of claiming individual work-related expenses. There will be no requirement for receipts for claims under $1,000.

Taxpayers claiming more than $1,000 in work-related deductions will still be able to do so in the usual way. Charitable donations and other non-work related deductions would continue to be claimed on top of the instant tax deduction. The precise details of the instant deduction and the consequential amendments are yet to be seen.

[3] https://www.aec.gov.au/election/

Ban on foreign investors purchasing established dwellings
On 16 February 2025, the government announced it would ban foreign investors (including temporary residents and foreign-owned companies) from purchasing established dwellings from 1 April 2025, until 31 March 2027. A review will be undertaken to determine if the ban should be extended beyond 31 March 2027.

Limited exceptions will apply including investments that significantly increase housing supply or support the availability of housing supply, and for the Pacific Australia Labour Mobility (PALM) scheme. Other existing exceptions remain in place, such as for purchases by permanent residents, New Zealand citizens, spouses of Australian citizens, and permanent residents or New Zealand citizens (when purchased as joint tenants).

The government will also tackle land banking by foreign investors, by ensuring development conditions are complied with.

Coercive control, super and tax debts
The government has announced during the election campaign that it will consult on changes to tax and social security law so that perpetrators, not victim survivors, are accountable for debts they accrue through financial abuse. The government will also act on perpetrators claiming their victims superannuation after death.

Business deductions

Instant Asset Write-off
The $20,000 instant asset write-off for small business will be extended for a further 12 months to 30 June 2026.

Future made in Australia

In addition to the now legislated Critical Minerals Production Credit Incentive and the Hydrogen Production Tax Incentive, further funding announcements were made in respect of the $22.7 billion Future Made in Australia initiative.

Green Iron Investment Fund
A new $1 billion Green Iron Investment Fund was announced to boost green iron manufacturing and supply chains. Up to $500 million has been earmarked to support the Whyalla steelworks transformation with a further $500 million open to Australian steelmakers and manufacturers around Australia for merit-based grants including projects which build new capability in wind tower steel fabrication and clean energy technology manufacturing.

Green Aluminium Production Credit
Announced in January 2025, this measure will provide a production credit to Australian Aluminium smelters switching to renewable electricity before 2036. At a cost of up to $2 billion, the production credit will be available per tonne of clean Australian made aluminium made over a ten year period, to kick in from 1 July 2028.

Metal Industry and manufacturers fund
The government will provide $750 million from the Future Made in Australia fund to “back our local metal industry and manufacturers”. The funding will support the development of cutting-edge new technologies, as well as funding pilot and demonstration projects, that can lower emissions, improve productivity and revitalise plant and equipment.

$20 million to encourage Australians to buy Aussie made products
On 29 March 2025, the government announced that it would be delivering a $20 million campaign to encourage more Australians to buy locally made products.. The funding would be used to:

- Launch a major new advertising campaign to buy Australian.
- Support more local manufacturers and producers to get Australian Made certification
- Improve the online Made in Australia directory.

Research and development incentives

Whilst no specific new research and development measures were announced, the government has already commenced a strategic examination of the research and development (R&D) system. A discussion paper was released on 12 February 2025, and consultation closes on 11 April. The expert panel is to conclude the examination by 31 December 2025.

Indirect taxes

Response to increases in US tariffs
The Prime Minister indicated in a media release on 3 April 2025, that Australia will be undertaking five initiatives to respond to proposed US tariffs:

- Strengthen anti-dumping regime to safeguard key sectors like steel, aluminium and manufacturing.
- Provide $50 million to affected sectors, particularly through peak bodies to secure and grow new markets. This work will be backed by five new business and investment missions to priority markets within the first 100 days of the second term.
- Establish a new Economic Resilience Program through the National Reconstruction Fund. This will provide $1 billion in zero interest loans for firms to capitalise on new export opportunities.
- Australian businesses will be front of the queue for government procurement and contracts.
- Will establish a Critical Minerals Strategic Reserve.

Luxury car tax
Recent media reports have indicated that Australia may consider repealing the Luxury Car Tax in response for concessions from the EU in a new trade agreement. The Luxury Car Tax is less relevant since Australia does not produce motor vehicles domestically.

Establishment of a road-user charge
Whilst not an announced policy position, it has been reported that the Treasurer Jim Chalmers has indicated that this is a priority reform. Petrol excise is expected to drop over the long term as more drivers convert to electric vehicles, and this is a necessary response to changing driver behaviours.

FBT exemption on electric vehicles
The FBT exemption on electric vehicles is to be reviewed by mid-2027 to consider electric car take-up. The initial cost estimate of $55M for 2024-25 and $90M for 2025-26 is believed to be severely understated, and we would expect this concession is unlikely to be continued post the review.

Taxation of alcohol and beer
As announced, the government will temporarily freeze of indexation on draught beer excise for a period of two years from the next indexation date of August 2025. Biannual indexation will then recommence from August 2027.

In addition, from 1 July 2026 the government will increase the excise remission cap from $350,000 to $400,000 for all eligible alcohol manufacturers, and increase the Wine Equalisation Tax (WET) producer rebate to $400,000.

Superannuation

Payday super
From 1 July 2026, employers will be required to pay their employees' super at the same time as their salary and wages. Exposure draft legislation was released in March 2025, and it is expected that the government will need to introduce and pass this legislation in the next few months in order for business, digital service providers, superannuation funds and clearing houses to have enough time to prepare for the massive changes this initiative will involve.

The government remains committed to this initiative.

Taxation of balances over $3M
The original bill in respect of taxing balances of superannuation in excess of $3M has lapsed. It proposes to impose a tax of 15 per cent on certain earnings based on the percentage of an individual's Total Superannuation Balance exceeding the $3 million threshold, which will effectively tax unrealised gains.

The government remains committed to the reform with the Treasurer stating on 27 April: "What we're talking about here is a modest change that will only impact half a percent of people with super balances over $3 million."

In 2027-28, the first full year of receipts collection, the measure is expected to increase receipts by $2.3 billion, making this a significant revenue item for the Budget.

It is expected that the government will re-introduce the Bill and seek support for the bill in the Senate from either the Greens or Liberals. The unlikely to support the bill, and the Greens have previously indicated that they would support the bill provided the threshold is decreased to $2M.

Superannuation guarantee possible policy reforms
The ALP's national platform contains a number of suggestions for reforms to the superannuation guarantee system, none of which have been announced as yet by the government. These include:

- Remove any age discrimination from the rules of application of superannuation guarantee i.e. Pay superannuation on wages for workers under 18
- Consideration be given to how the universal application of concessional caps, without regard to existing balances, may impact equity and sustainability i.e. whether a flexible cap or higher cap be allowed for low balance members
- Ban superannuation inclusive job roles - An increase to the Superannuation Guarantee should not result in a cut to an employee's take home pay, as is the case with some contractual arrangements
- Set out a pathway to increasing the superannuation guarantee rate to 15%.

Announced but unenacted measures

A selection of some of the more significant announced but unenacted measures (ABUMs) is set out in the appendix. The list of ABUMs has steadily grown since last reviewed in 2013, and there is no indication at this stage of priorities or timing.

We expect however that the following measures announced by the Albanese government in the last term will be amongst the first measures to proceed to consultation and exposure draft:

- Penalties for significant global entities that have "mischaracterised or undervalued" dividends, interest or royalty payments "to which withholding tax would otherwise apply"
- Expand and strengthen Part IVA
- Strengthening the foreign resident capital gains tax regime.

Influence of the Greens during the next parliament

The Senate positions are firming up and it is likely that the ALP will need either the Coalition or the Greens to pass legislation. The influence of other cross benchers will likely be diminished. It is unpredictable at this stage to what extent Greens' tax policies will affect the ALP tax agenda.

The Greens are the most transparent of the political parties setting out their detailed policy positions on their website on a wide range of topics. Their broad tax policy platform is as follows:

- "Our economy should work for people, not just for big corporations and billionaires
- But right now, 1 in 3 big corporations pay no tax and corporations are making record profits at your expense
- While Labor and the Liberals protect the wealthiest and prioritise corporate profits and their corporate donors, the Greens are working to deliver economic fairness by ensuring the ultra-wealthy and large corporations pay their fair share of tax, tackling price gouging, and using the funding raised to invest in services that support everyday people.".[4].

Set out below is a summary of key tax policies announced by the Greens.

Individuals

Introducing a 10% tax on the net wealth of Australia's 150 billionaires

The Greens propose that Australia's 150 billionaires would pay an annual 10% tax on their net wealth with a 10% limit on capital flight in any year. The plan is expected to raise $23 billion over the forward estimates and $50 billion over the decade. See Greens media release 11 February 2025 and website link here and 2021 Parliamentary Budget Office costing for further details.

This policy is unlikely to progress without new support from the ALP or the Liberals and Nationals.

Capital gains tax discount & negative gearing

The policy recommendations are principally directed in respect of residential investment properties and are proposed as follows:

- Grandfather negative gearing and the 50% CGT discount to one investment property
- Retain existing negative gearing and CGT discount benefits for one investment property already owned (i.e. purchased before the policy commences)
- Any properties purchased after the policy commences, or the second and subsequent investment properties already owned, would not be eligible for these concessions.

There is also a broader comment around other assets:

- Scrap the 50% capital gains tax discount for all other assets. The asset base for non-housing assets would be indexed by inflation.

For further information, see Greens media release 9 April 2025, and website link here.

It is possible that the ALP may be persuaded to adopt some limited element of these policies if critical ALP legislation is blocked by the Greens in the Senate.

[4] https://greens.org.au/portfolios/economic-justice-and-treasury

Large business tax policies

Big corporations tax

A key stone policy of the Greens is to introduce a new excessive profits tax at a rate of 40% that would apply to company profits that exceed an allowance for a corporate equity threshold with effect from 1 July 2025.

- Only post-company tax Australian-sourced profits would be subject to the excessive profits tax and the allowance for corporate equity threshold would equal shareholder equity multiplied by 5% plus the long-term bond rate
- Companies would be entitled to a tax offset that would refund the equivalent of the excessive profits tax paid on the first $100 million of turnover
- The allowance for corporate equity means that if a company's return on equity is below 5% plus the long-term bond rate, no excessive profits tax would be payable
- A company in this situation would accrue non-refundable excessive profits tax credits which could be carried forward to later years and used to offset future excessive profits
- Companies would be able to look back over the 10 years prior to the introduction of the tax and accumulate a balance of excessive profits credits that could be utilised from the start of the proposal
- Excessive profits tax would not be deductible for company tax purposes
- The payment of the excessive profits tax would generate franking credits (excessive profits based) that can be distributed to shareholders
- Resources and fossil fuel companies subject to sector specific excessive profits taxes would be exempt from this proposal.

For more information, see Greens media release of 27 August 2024, website link here and Parliamentary Budget Office costing dated 16 August 2024.

This policy is unlikely to progress without new support from the ALP or the Liberals and Nationals.

Big corporations tax (coal and mining)

The proposal would introduce a new 40% Coal and mining tax (CMT) on the super profits of individual Australian mining projects, where the super profits would be calculated at the project level as revenue less expenses.

- Project expenses would comprise of:
    - General project operating expenses
    - A deduction that recognises the book value of the project's capital expenditure base just before the introduction of CMT
    - The deduction would be equal to the project's starting capital base depreciated on a straight-line basis over the first five years of the proposal (Opening Capex)
    - The starting capital base amount would be the book value of all capital expenditure as of 1 July 2024 uplifted each year at the 10-year government bond rate plus 2%. The starting capital base amount would step down over the first five years of the proposal as the depreciation deduction amounts are subtracted
    - Any of the unused Opening Capex deduction in any of those first 5 years is carried forward and uplifted at the 10-year government bond rate plus 2% and used in the following year.
- Project expenses would not be transferrable between projects owned by the same company
- Royalty expenses and decommissioning costs would not be deductible against the CMT.

The mining super profits tax would be deductible for company tax purposes but not frankable for personal income tax.

The proposal includes a CMT on coal and other specified mining projects (iron ore, metallurgical coal, thermal coal, gold, alumina, and copper ore). Other mining would be excluded.

For more information, see Greens media release of 27 August 2024, and Parliamentary Budget Office costing of 15 August 2024.

This policy is unlikely to progress without new support from the ALP or the Liberals and Nationals.

Petroleum Resource Rent Tax policy (Big Corporations tax (Oil and gas)
Proposes to replace the existing petroleum resource rent tax (PRRT) method of uplifting excess expenditure to future years that relates to PRRT projects with the following method.

- All excess expenditure recorded before the implementation date would be immediately deducted against PRRT profit. Any unused excess expenditure incurred before the implementation date would not be carried forward to future years.
- All expenditure, including general expenditure, incurred after the implementation date, would be deducted based on prime cost depreciation over 15 years so that 6.66% of the expenditure would be deducted each year. There would be no uplift factor applied to unused expenditure.

In addition to the offshore gas projects that are liable to pay PRRT currently, the following four onshore projects would be included in the PRRT calculation:

- Australian Pacific LNG (APLNG)
- Cooper Basin
- Gladstone LNG Project (GLNG)
- Queensland Curtis LNG Project (QCLNG).

For more information, see Greens media release of 27 August 2024, website here and Parliamentary Budget Office costing of 20 August 2024.

This policy is unlikely to progress without new support from the ALP or the Liberals and Nationals.

Royalty on offshore projects
Proposes to place a 10% royalty on offshore projects (excluding the North West Shelf project) that are subject to the PRRT. Royalty payments would be creditable against PRRT liabilities on a one-for-one basis and treated as a deductible expense in calculating company tax liabilities. Any royalties paid that are not credited against PRRT liabilities in a year would be carried forward, to be credited against PRRT liabilities in a later year.

See Green's media release of 27 August 2024, website here and Parliamentary Budget Office costing of 20 August 2024.

This policy is unlikely to progress without new support from the ALP or the Liberals and Nationals.

Regulating tech giants
Proposes to introduce a 3% digital services tax on entities such as X, Meta, Google and Amazon.
For more information see website here.
This policy is unlikely to progress without new support from the ALP or the Liberals and Nationals.

Indirect taxes

End fossil fuel subsidies
Detail of this policy is unclear, but previous election platforms have indicated that the Greens would abolish fuel tax credits for all industries except agriculture. See website here for more detail.

This policy is unlikely to progress without new support from the ALP or the Liberals and Nationals.

Encourage take-up of electric vehicles
Proposed to support the shift to electric vehicles with scaled rebates of up to $10,000, including extra support for Australian-made cars and a publicly owned fast-charging network. See website here.

This policy is unlikely to progress without new support from the ALP or the Liberals and Nationals.

Tax incentives

Live Performance Tax Offsets policy
Proposed to provide the following incentives:

- 10% tax offset for live music venues to reduce the cost of hosting performances
- 50% tax offset for touring artists on eligible travel expenses
- 40% tax offset for live theatre production costs, modelled on the screen producer offset.

For more information, see media release of 11 April 2025 and website here.

Game development funds
The Greens propose establishing a $100 million Games Investment and Enterprise Fund to support game development and innovation. For more information, see media release of 11 April 2025 and website here.

The ALP are staunch supporters of the Arts community with several new incentives passed last term of Parliament. It is possible some aspect of these policies may be introduced next term, as a result of negotiations around key legislation with the Greens.

There are many more proposed grants and incentives proposed by the Greens across a range of industries – see their website for more details.

Superannuation

Taxation of balances over $3M
The Greens have indicated in the past that they support additional taxation on large balances of superannuation, however would lower the balance in which the tax is applicable to $2M. This places the ALP in a difficult position, as it will need the Greens to progress this legislation further.

Other superannuation proposals
- Extend the superannuation guarantee to all under 18-year-olds, ensuring they are paid contributions regardless of how many hours they work. See website link here. (This aligns with the ALP party policy platform)
- Boost super for carers by $500 annually for primary carers earning under $37,000 while caring for young children or children with disabilities. Pay super on carers' payments, working with Carers Australia to establish super payments for those receiving carers' payments. See website link here. (This policy is likely to have some support within the ALP depending on its costing)
- Double the low-income super tax offset to increase the cap to $1,000 and the threshold to $45,000. See website link here. (This policy is likely to have some support within the ALP depending on its costing)
- Limit the ability of self-managed super funds to borrow to invest in property. The Greens have indicated in the past that this may be a concession required from the government to pass the Taxation of balances over $3M provisions.

Conclusion

Despite the dominance of the ALP in the House of Representatives, Senate support remains unpredictable.

As such, we would expect that some bills will experience delays as the ALP undertakes negotiations to progress their agenda this term through the Senate.

Appendix 1

Significant Announced but Unenacted Measures

Penalties and Anti Avoidance	Status	Proposed start date
Administrative penalty imposed on Significant Global Entities (SGEs) that have" mischaracterised or undervalued **royalty** payments to which royalty withholding tax would otherwise apply"	14 May 2024 Budget announcement	1 July 2026
Administrative penalty imposed on SGEs that have "mischaracterised or undervalued **interest** or **dividend** payments to which withholding tax would otherwise apply"	18 December 2024 MYEFO announcement	1 July 2026
Strengthen tax scheme penalties - Ensuring tax scheme penalties apply where taxpayers are in a loss position	18 December 2024 MYEFO announcement	1 July 2026
Expand and strengthen Part IVA	9 May 2023 Budget announcement	Income years commencing on or after Royal Assent
Amend the law to require trustees to report the tax file numbers of beneficiaries on the trust income tax return's statement of distribution.	18 December 2024 MYEFO announcement	First day of next quarter after Royal Assent.
Tax transparency – beneficial ownership register	• December 2024 - Beneficial ownership in respect of unlisted companies - updated policy specifications • November 2024 - Draft legislation for enhanced beneficial ownership disclosure for listed entities	No advised date

Cross border & Business tax	Status	Proposed start date
News Bargaining Incentive	2 December 2024 government announcement	Income years starting on or after 1 January 2025
Research and Development Tax Incentive—exclude activities relating to gambling and tobacco.	18 December 2024 MYEFO announcement	Income years starting on or after 1 July 2025
Strengthening the foreign resident capital gains tax regime	Treasury consultation paper July 2024	2025-26 Budget announcement: **deferred start date** – to apply to CGT events from the first quarter after Royal Assent
Modernise the Residency test for individuals	21 July 2023 Treasury consultation paper	No advised date
Reform of corporate residency test	Former government announcement • 11 May 2021 Federal Budget announcement to extend legislation to trusts and Corporate Limited Partnerships • 6 October 2020 Federal Budget announcement	1 July following Royal Assent Taxpayers will have the option of applying the new law from 15 March 2017
Expanding Australia's tax treaty network	• Sept 2021 announcement: India, Luxembourg, Iceland, Greece, Portugal and Slovenia • Nov 2022 announcement: Bulgaria, Colombia, Croatia, Cyprus, Estonia, Latvia and Lithuania • Dec 2023 announcement: Ukraine and Brazil, and update DTAs with New Zealand, Korea and Sweden.	Various stages: from negotiation to completion

Superannuation & SME related	Status	Proposed start date
Taxation of superannuation balances over $3M	Bill before the Senate (to lapse)	From 1 July 2025
Payday super	14 March 2025 – draft legislation	1 July 2026
SMSF – relaxation of residency rules from 2 to 5 years	Former government announcement • Federal Budget 2021-22 announcement	From start of first financial year after Royal Assent
Division 7A changes: • Breach self-correction mechanism • New safe harbour rules • Amended rules for compliant loans & technical improvements • Clarify unpaid present entitlement within scope	Former government announcement • 21 October 2018 Treasury consultation paper • 9 May 2017 Federal Budget announcement	Income years commencing on or after the date of Royal Assent

Regulatory	Status	Proposed start date
Review of Legal professional privilege	23 December 2024 – Attorney-General & Treasury release a discussion paper for consultation.	No advised date
Review of promoter penalty provisions	• First tranche legislated (increase in max penalties, increase in scope, increase in time limit for the ATO to bring proceedings) • Second tranche at discussion paper stage October 2024	No advised date

Contacts

David Watkins
Partner, Tax Insights & Policy
Tel: +61 2 9322 7251
dwatkins@deloitte.com.au

Peta McFarlane
Account Director
Tel: +61 3 9671 7868
pmcfarlane@deloitte.com.au