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Individuals

Access information about new legislation relating to individuals.

Personal income tax - new tax cuts for every Australian taxpayer

The Government announced they will deliver new tax cuts to every Australian taxpayer.

Tax reform – Boosting home ownership – Reforming negative gearing and capital gains tax

The government announced it will reform negative gearing and capital gains tax (CGT) arrangements.

Standard deduction for work-related expenses

The Government announced a standard deduction up to $1,000 for work-related expenses for eligible taxpayers.

Working Australians tax offset

The government has announced a new non-refundable tax offset for Australian resident individuals who earn labour income.

QC 100858

Personal income tax - new tax cuts for every Australian taxpayer

The Government announced they will deliver new tax cuts to every Australian taxpayer.

Last updated 13 May 2026

As part of the 2025-26 Federal Budget, the government announced from 1 July 2026 they will deliver new tax cuts to every Australian taxpayer. The new tax cuts aim to provide more cost-of-living relief and return bracket creep. This measure is now law.

There are two stages to the tax cuts:

- From 1 July 2026, the 16 per cent rate will be reduced to 15 per cent.
- From 1 July 2027, the 15 per cent rate will be reduced further to 14 per cent.

Senior and pensioner tax offset (SAPTO) thresholds will change from 2026-27 as a result of the tax cuts. There will be no changes to the maximum tax offset amounts.

SAPTO rates and rebate income thresholds for 2026-27

Status	Maximum tax offset amount	Shading-out threshold	Cut-out threshold
Single	$2,230	$36,034	$53,874
Each partner of a couple	$1,602	$31,847	$44,663
Each partner of an illness separated couple	$2,040	$34,767	$51,087

These tax cuts are in addition to the first round of tax cuts that were announced by The Hon Anthony Albanese MP on 25 January 2024.

For more information see:

- Treasury Laws Amendment (Cost of Living Tax Cuts) Act 2024
- Budget Paper No. 2
- Cost of living | Budget 2026–27

QC 104015

Tax reform – Boosting home ownership – Reforming negative gearing and capital gains tax

The government announced it will reform negative gearing and capital gains tax (CGT) arrangements.

Last updated 29 June 2026

On 12 May 2026, as part of the 2026–27 Federal Budget, the Government announced it would reform negative gearing and capital gains tax (CGT) arrangements.

These measures are now law.

These changes, will apply from 1 July 2027:

- limit negative gearing for residential property investments to new builds
- replace the 50% CGT discount for individuals, trusts and partnerships with cost base indexation and a 30% minimum tax rate on capital gains.

The impact of these changes on existing investments will be limited. Properties held at announcement (7:30pm AEST 12 May 2026) will be exempt from the negative gearing changes, while the CGT reforms will only apply to gains that accrue after 1 July 2027.

For more information, see:

- Budget 2026–27 Tax Explainer
- Budget Paper No. 2, Budget 2026–27
- Treasury Laws Amendment (Tax Reform No. 1) Act 2026
- Income Tax Rates Amendment (Tax Reform No. 1) Act 2026

QC 107304

Standard deduction for work-related expenses

The Government announced a standard deduction up to $1,000 for work-related expenses for eligible taxpayers.

Last updated 26 June 2026

As part of their election commitments, on 13 April 2025 the Labor party announced plans to provide eligible individual taxpayers with a $1,000 instant tax deduction for work-related expenses.

This measure is now law.

The changes will:

- introduce a standard deduction for work-related expenses of up to $1,000 for Australian tax residents who earn income from work
- keep current arrangements for people who
  - have more than $1,000 in work-related expenses, or
  - earn only business or investment income
- allow some deductions to be claimed in addition to the standard deduction, including
  - expenses that are not work-related, such as investment expenses and charitable donations
  - union and professional association membership fees
  - income protection insurance premiums

- prevent people from receiving a double benefit by salary packaging expenses covered by the standard deduction
- update substantiation and capital allowance rules to support the new standard deduction.

The measure will commence on 1 July 2026 and apply to the 2026–27 individual tax return. The standard deduction does not apply to the 2025–26 individual tax return.

For more information, see:

- Tax reform for easier, better, faster tax returns
- Treasurer's media release 20 April 2026
- Instant tax deduction - exposure draft
- Treasury Laws Amendment (Tax Reform No. 1) Act 2026
- Income Tax Rates Amendment (Tax Reform No. 1) Act 2026

QC 107405

Working Australians tax offset

The government has announced a new non-refundable tax offset for Australian resident individuals who earn labour income.

Published 23 July 2026

In the 2026–27 Budget, the Australian Government announced a new non-refundable tax offset, called the Working Australians tax offset (WATO), for Australian resident individuals who earn labour income.

This measure is now law.

The WATO is available from the 2027–28 income year for individuals who:

- are **Australian residents for tax purposes** during that income year
- have net labour income (labour amounts less labour deductions) which exceeds the tax-free threshold.

The WATO provides a maximum benefit of $250 for eligible individuals if their income tax payable on their net labour income is above $250.

The WATO is a non-refundable tax offset, which means it can only reduce an individual's tax payable to nil. Any unused amount will not be refunded and it cannot be transferred or carried forward.

For more information, see:

- ParlInfo – Treasury Laws Amendment (Tax Reform No. 1) Bill 2026
- Tax reform bill passes the Parliament (25 June 2026) – Treasury Ministers
- Budget 2026–27 – Budget Paper No. 2 (PDF, 2MB)

QC 107797

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