



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.

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.

Published 12 May 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.



This measure is not yet law.

These changes, which are intended to apply from 1 July 2027, will:

- 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](#) .

QC 107304

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

Copyright notice

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).