Businesses

Access information about new legislation relating to businesses.

Changes to beneficiary TFN reporting for closely held trusts

New requirements apply from the 2027 trust tax return for trustees of closely held trusts to report beneficiary TFNs.

Changes to offsetting debts on hold

The Commissioner of Taxation will be given the discretion not to apply refunds or credits to debts on hold.

Denying deductions for ATO interest charges

Taxpayers can no longer claim an income tax deduction for ATO interest charges incurred on or after 1 July 2025.

Dynamic pay as you go instalments – making tax simpler for businesses

Enhancing the ability of business taxpayers to vary pay as you go (PAYG) instalment payments.

Electric car discount – more sustainable fbt treatment of electric cars

The Government announced fairer tax treatment to encourage affordable electric vehicles (EVs).

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From 1 July 2025 the government will extend the mandatory notification period for BAS refund retention from 14 days to 30 days.

Critical Minerals and Hydrogen Production Tax Incentives

The Government announced a Critical Minerals Production Tax Incentive and a Hydrogen Production Tax Incentive.

Incentives to increase the supply of housing

The government will provide tax incentives to increase the supply of housing by supporting build to rent developments.

News bargaining incentive

The government has established a news bargaining incentive.

New Royalty Penalty and withdrawal of intangibles measure

The government will introduce a new penalty provision for royalty withholding tax.

Government response to the Review of the PRRT Gas Transfer Pricing Arrangements

The government announced changes to the Petroleum Resource Rent Tax (PRRT).

$20,000 Instant Asset Write-off

Making the $20,000 instant asset write-off permanent for small businesses.

Strengthen penalty and shortfall interest charge provisions

Changes to strengthen penalty and shortfall interest charge provisions.

Strengthening the foreign resident capital gains tax regime

The government will strengthen the integrity of the foreign resident capital gains tax (CGT) regime.

Tax integrity - expanding the general anti-avoidance rule in the income tax law

The Government announced it will widen the scope of the general anti-avoidance rule for income tax.

Tax Reform – better targeting the Research and Development Tax Incentive

The Government announced it will reform the Research and Development Tax Incentive.

Tax reform – expanding venture capital incentives

Modernising the Early-Stage Venture Capital Limited Partnership and Venture Capital Limited Partnership tax incentives.

Tax reform – introducing a minimum tax on discretionary trusts

The Government announced it will introduce a 30% minimum tax on discretionary trusts.

QC 101159

Changes to beneficiary TFN reporting for closely held trusts

New requirements apply from the 2027 trust tax return for trustees of closely held trusts to report beneficiary TFNs.

Published 24 July 2026

On 18 December 2024 as part of 2024–25 Mid-Year Economic and Fiscal Outlook, the government announced it would amend how trustees of closely held trusts report beneficiaries' tax file numbers (TFNs), if they're entitled to a distribution.

This is now law.

From 1 July 2026, a trustee of a closely held trust must now report beneficiary TFNs in the statement of distribution when completing the annual trust tax return.

TFN reporting up to 30 June 2026

Beneficiaries of closely held trusts are required to quote their TFN to the trustee before they receive a payment or are entitled to trust income. Where a TFN is not quoted, there is a requirement on the trustee to withhold at the top tax rate.

Trustees were required to lodge a quarterly TFN report for beneficiaries that had quoted their TFN by the last day of the month following each quarter in which the TFN was quoted. The final TFN report for the April–June 2026 period is due by **31 July 2026**.

Changes from 1 July 2026

From 1 July 2026, trustees of closely held trusts are no longer a required to send a quarterly TFN report.

Trustees must now report beneficiary TFNs in the statement of distribution when completing the Trust tax return. Additional labels will be included on the Trust tax return from 2027 to support circumstances where a beneficiary has not quoted their TFN.

There's no change to existing TFN withholding and reporting obligations of trustees where a beneficiary has not quoted their TFN before the payment of any distributions.

More information

For more information, see:

- Treasury Laws Amendment (Delivering an Efficient and Trusted Tax System) Bill 2026
- Modernising tax administration systems
- 2024–25 Mid-Year Economic and Fiscal Outlook

QC 107799

Changes to offsetting debts on hold

The Commissioner of Taxation will be given the discretion not to apply refunds or credits to debts on hold.

Published 8 July 2025

On 14 May 2024, as part of the 2024–25 Budget, the Government announced it will provide the Commissioner of Taxation with the discretion not to apply refunds or credits owing to a taxpayer against debts that:

- were put on hold before 1 January 2017, and
- the Commissioner is not currently pursuing recovery of that debt, and
- the taxpayer is an individual, small business or not-for-profit entity.

This measure is not yet law.

More information:

- Budget Paper no.2 (PDF,2.6MB)
- Debts on hold

QC 105159

Denying deductions for ATO interest charges

Taxpayers can no longer claim an income tax deduction for ATO interest charges incurred on or after 1 July 2025.

Last updated 8 June 2026

About this law change

On 13 December 2023, as part of the 2023–24 Mid-Year Economic and Fiscal Outlook (MYEFO), the government announced it would amend the tax law to deny income tax deductions for ATO interest charges.

This is now law.

The law change applies in relation to assessments for income years starting on or after 1 July 2025. An assessment for an income year is how your income tax is calculated, as explained in your notice of assessment.

This means that you can no longer deduct GIC and SIC incurred on or after 1 July 2025 in your income tax return for income years starting on or after that date. However, this law change applies in a different way for [Entities with a substituted accounting period.]

Examples of when ATO interest charges are incurred

When you claim a deduction for ATO interest depends on when GIC or SIC is incurred. This is when you become liable for the interest charge. Examples of this include (but are not limited to):

- GIC imposed on unpaid income tax liabilities is **incurred** on a daily basis.
- SIC imposed on an unpaid income tax shortfall is **incurred** in the year you are served a notice of amended assessment.

ATO interest charges incurred on or after 1 July 2025

Any GIC or SIC incurred on or after 1 July 2025 is not deductible regardless of whether the debt relates to an earlier income year.

This means that any GIC or SIC that is later remitted doesn't need to be included as assessable income.

ATO interest charges incurred before 1 July 2025

Any GIC or SIC already incurred prior to 1 July 2025 remains deductible for the 2024–25 and earlier income years.

For the 2024–25 and earlier income years, our guidance on calculating your ATO interest charge deductions, including how to verify pre-fill information, applies. For more information, see [Calculate and report ATO interest].

If you have (or can) deduct GIC or SIC for the 2024–25 or an earlier income year and it is later remitted, the amount that is remitted will need to be included in your assessable income in the year in which the remission occurred.

Entities with a substituted accounting period

An entity's accounting period is ordinarily the 12-month period ending on 30 June.

You can seek leave from the Commissioner to adopt an alternative annual accounting period (known as a substituted accounting period or SAP).

Entities with a substituted accounting period will no longer be able to claim a deduction from their next accounting period starting after 1 July 2025.

More information

For more information, see:

- Denying deductions for ATO interest – fact sheet
- General interest charge
- Shortfall interest charge
- Entities with a substituted accounting period
- Treasury Laws Amendment (Tax Incentives and Integrity) Act 2025
- 2023–24 Mid-Year Economic and Fiscal Outlook

QC 73746

Dynamic pay as you go instalments – making tax simpler for businesses

Enhancing the ability of business taxpayers to vary pay as you go (PAYG) instalment payments.

Published 12 May 2026

On 12 May 2026, as part of the 2026–27 Federal Budget, the Government announced that from 1 July 2027 it will enhance the ability of business taxpayers to vary pay as you go (PAYG) instalment payments, so that they are able to adjust more quickly to real-time business conditions. This is referred to as Dynamic pay as you go instalments.

The Government also announced that from 1 July 2027:

- businesses will be given the ability to choose to report and pay PAYG instalments monthly (via opt in)
- taxpayers with a history of non-compliance will be required to report and pay PAYG instalments monthly.

These measures are not yet law.

For more information, see Budget Paper no.2: Budget.gov.au

QC 107288

Electric car discount – more sustainable fringe benefits tax treatment of electric cars

The Government announced fairer tax treatment to encourage affordable electric vehicles (EVs).

Last updated 14 May 2026

On 5 May 2026, as part of the 2026–27 Federal Budget, the Government announced fairer tax treatment to encourage affordable EVs.

The existing electric car discount will continue in full until the end of March 2027.

Between 1 April 2027 and 1 April 2029, the following transitional arrangements are in place:

- All electric cars costing $75,000 or less will continue to be eligible for a 100% discount on FBT, implemented through a 0% rate in the FBT statutory formula.
- Electric cars costing more than $75,000 but below the luxury car tax (LCT) threshold will receive a 25% discount on their payable fringe benefits tax (FBT) implemented through a 15% FBT statutory formula rate.

From 1 April 2029 onwards, all electric cars below the LCT will receive the 25% discount on their payable FBT.

Existing leases won't be impacted by these changes.

This measure is not yet law.

For more information, see:

- Media release – Fairer tax treatment to encourage affordable EVs
- Budget Paper no.2: Budget.gov.au

QC 107286

Extending the ATO's BAS retention framework

From 1 July 2025 the government will extend the mandatory notification period for BAS refund retention from 14 days to 30 days.

Last updated 28 March 2025

On 14 May 2024 as part of the 2024–25 Budget, the government announced it will extend the period the ATO has to notify a taxpayer when a business activity statement (BAS) refund is retained for further investigation from 14 to 30 days. This measure is now law.

The changes will apply from 1 July 2025.

The measure gives the ATO additional time to review suspected fraudulent refunds prior to their release, especially during periods of high-volume fraud events. It allows an additional 16 days to notify a taxpayer that a business activity statement (BAS) refund has been retained for further verification. Legitimate refunds will be largely unaffected. Any legitimate refunds retained for over 14 days will result in the ATO paying interest to the taxpayer.

For more information see

- Treasury Laws Amendment (Tax Incentives and Integrity) Act 2024

QC 102083

Critical Minerals and Hydrogen Production Tax Incentives

The Government announced a Critical Minerals Production Tax Incentive and a Hydrogen Production Tax Incentive.

Last updated 13 March 2025

As part of the 2024–25 Budget, the Government announced changes to accelerate investment in Future Made in Australia priority industries. The changes included providing a Critical Minerals Production Tax Incentive and a Hydrogen Production Tax Incentive from 1 July 2027.

Critical Minerals Production Tax Incentive

From 1 July 2027, the Government has established a temporary Critical Minerals Production Tax Incentive.

The incentive will provide eligible recipients with a time-limited and uncapped refundable tax offset of 10% for the costs of processing the 31 critical minerals currently listed in Australia. The credit will be available for a maximum of 10 years between 1 July 2027 and 30 June 2040.

This measure is now law.

Hydrogen Production Tax Incentive

The Government has established a temporary Hydrogen Production Tax Incentive to incentivise renewable hydrogen production for eligible Australian resident corporations with a time-limited and uncapped refundable tax offset.

The incentive will provide a $2 incentive per kilogram of renewable hydrogen produced for up to ten years, between 1 July 2027 and 30 June 2040 for projects that reach final investment decisions by 2030.

This measure is now law.

For further information and eligibility, see Critical Minerals Production Tax Incentive and Hydrogen Production Tax Incentive.

For more information see:

- Future Made in Australia (Production Tax Credits and Other Measures) Act 2025
- Budget 2024–25 Paper No 2 (PDF, 2.6MB)
- Budget 2024–25 A Future Made in Australia fact sheet (PDF, 439KB)

QC 102084

Incentives to increase the supply of housing

The government will provide tax incentives to increase the supply of housing by supporting build to rent developments.

Last updated 11 February 2026

From 1 January 2025, owners of eligible build to rent developments may make a choice for their development to access the tax incentives. To make a choice, they must lodge the approved form with the Commissioner.

This measure is now law.

On 28 April 2023, the Australian Government announced tax incentives to increase the supply of housing, by:

- reducing the withholding tax rate for eligible fund payments from managed investment trusts (MIT) attributable to residential active build to rent developments from 30% to 15%
  - this incentive will be open to developments irrespective of when construction commenced
  - from 1 January 2025, foreign residents from an information exchange country are subject to a final MIT withholding tax rate of 15% for income and gains attributable to a residential property, including build to rent developments
- increasing the capital works tax deduction depreciation rate for active new build to rent developments from 2.5% to 4% per year
  - this incentive is open to developments where construction commenced after 7:30 pm, 9 May 2023 and will shorten the period that construction costs of eligible buildings are depreciated from 40 to 25 years.

For more information see:

- Build to rent development tax incentives
- Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Act 2024
- Capital Works (Build to Rent Misuse Tax) Act 2024
- Income Tax Assessment (Build to Rent Developments) Determination 2024

QC 72401

News bargaining incentive

The government has established a news bargaining incentive.

Published 28 August 2026

On 12 December 2024, the government announced plans to establish a 'News bargaining incentive' aimed at ensuring large digital platforms contribute to the sustainability of news and journalism in Australia.

The measure is now law.

The incentive includes a charge and a non-refundable offset. The incentive applies to entities:

- that operate significant social media and/or search services; and
- together with their related bodies corporate, exceed an annual threshold of $250 million of Australian relevant digital advertising revenue (exclusive of GST).

The charge applies in addition to corporate income tax and will not be a deductible expense for corporate income tax purposes.

The measure commenced on 27 August 2026 and applies from the 2025-26 financial year.

For more information, see:

- Support for Australian journalism passes parliament | Treasury Ministers
- News Media Bargaining (Administration) Act 2026
- News Media Bargaining Charge Act 2026
- Treasury Laws Amendment (News Media Bargaining) (Consequential) Act 2026
- Media release by The Hon Stephen Jones MP, Assistant Treasurer and Minister for Financial Services
- Media release by The Hon Michelle Rowland MP, Minister for Communications

QC 107945

New Royalty Penalty and withdrawal of intangibles measure

The government will introduce a new penalty provision for royalty withholding tax.

Published 8 July 2025

On 14 May 2024, as part of the 2024–25 Budget, the Government announced from 1 July 2026 it will introduce a new penalty for taxpayers with more than $1 billion in global turnover annually, who have mischaracterised or undervalued royalty payments to which withholding tax would normally apply. This measure is not yet law.

The government also announced it will no longer proceed with the 2022–23 October Budget measure *Multinational Tax Integrity Package – denying deductions for payments relating to intangibles held in low - or no-tax jurisdictions*.

More information

- Budget Paper no.2 (PDF, 2.6MB)

QC 105156

Government response to the Review of the PRRT Gas Transfer Pricing Arrangements

The government announced changes to the Petroleum Resource Rent Tax (PRRT).

Last updated 9 August 2024

On 7 May 2023, the government announced changes to the Petroleum Resource Rent Tax (PRRT). The changes respond to the Treasury Gas Transfer Pricing (GTP) Review.

The government, in response to the review, introduced a cap on the use of deductions to offset assessable PRRT income of certain liquefied natural gas (LNG) producers under the PRRT. The deductions cap was introduced at Schedule 5 of the Treasury Laws Amendment (Tax Accountability and Fairness) Bill 2023. The deductions cap will bring forward PRRT receipts from LNG projects that are yet to pay PRRT and ensure a greater return to taxpayers from the offshore LNG industry.

Parliament has enacted the Treasury Laws Amendment (Tax Accountability and Fairness) Act 2024. Accordingly, the petroleum resource rent tax (PRRT) deductions cap is now law and takes effect from 1 July 2023.

The deductions cap limits deductible expenditure to the value of 90% of each taxpayer's PRRT assessable receipts for each project interest in the relevant financial year and applies after mandatory transfers of exploration expenditure. The amounts that are unable to be deducted because of the deductions cap will be carried forward and uplifted at the government long-term bond rate.

The deductions cap applies to PRRT projects that produce LNG and meet specific conditions. Projects will not be subject to the deductions cap until 7 years after the year of first production or from 1 July 2023, whichever is later. The deductions cap does not apply to certain classes of deductible expenditure in the PRRT such as closing-down expenditure, starting base expenditure and resource tax expenditure. For more information about the PRRT deductions cap, see Petroleum resource rent tax deductions cap.

The government will also make a number of supporting changes to the GTP arrangements:

- The government has updated the PRRT anti-avoidance rules to clarify their application to the *Petroleum Resource Rent Tax Assessment Regulation 2015*.
  - Parliament has enacted the Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Act 2024.
  - The amendments for the PRRT anti-avoidance rules now align with the general anti-avoidance provisions in Part IVA of the *Income Tax Assessment Act 1936* (ITAA 1936) and take effect from 1 July 2023.
- From 1 July 2024, the government will modernise the PRRT to accommodate emerging developments in LNG project structures including tolling arrangements, better reflect the contributions and

risks of the notional entities that comprise the LNG value chain, align the PRRT regulations with current transfer pricing practices and provide appropriate integrity rules for the regime.

For our latest information on these changes, see PRRT updates.

QC 72507

$20,000 Instant Asset Write-off

Making the $20,000 instant asset write-off permanent for small businesses.

Last updated 27 August 2026

On 12 May 2026, as part of the 2026–27 Budget, the Government announced it will permanently increase the instant asset write-off for small businesses to $20,000 from 1 July 2026 to help improve cashflow and reduce compliance costs.

This measure is now law.

Under the measure, from 1 July 2026, small businesses with an aggregated turnover of less than $10 million, can deduct:

- the full cost of eligible depreciating assets costing less than $20,000 that are first used or installed ready for use in an income year; and
- an amount included in the second element of an eligible depreciating asset's cost that they have incurred in an income year, if they claimed an immediate deduction for the asset under the simplified depreciation rules in a prior income year where the amount is:
  - the first amount of second element cost incurred after the end of the income year in which the asset was written off; and
  - less than $20,000.

The $20,000 limit under the measure applies on a per asset basis, so small businesses can instantly write off multiple assets.

Assets valued at $20,000 or more can continue to be placed into the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each income year after that. In addition, pool balances under $20,000 at the end of the income year can be written off.

The provisions that prevent small businesses from re-entering the simplified depreciation regime for 5 years after opting out will continue to be suspended until 30 June 2027.

The Government previously extended the $20,000 instant asset write-off limit for the period 1 July 2025 to 30 June 2026 in the *Treasury Laws Amendment (Strengthening Financial Systems and Other Measures) Act 2025*. That measure is now law.

More information

- 2026-27 Budget | Budget Paper No. 2
- Treasury Laws Amendment (Tax Reform No. 2) Act 2026
- Instant asset write-off

QC 72501

Strengthen penalty and shortfall interest charge provisions

Changes to strengthen penalty and shortfall interest charge provisions.

Last updated 5 May 2025

On 18 December 2024, as part of the 2024–25 Mid-Year Economic Fiscal Outlook, the Government announced it will amend the tax law to strengthen Australia's current tax penalty and interest regimes.

Announced measures

The Government announced it will amend the tax law to:

- ensuring tax scheme penalties apply where taxpayers are in a loss position, from 1 July 2026
- penalising large taxpayers that mischaracterise or undervalue interest or dividend payments, to which withholding tax would otherwise apply, starting from 1 July 2026.

These measures target gaps within the current tax penalty regime to improve tax compliance and integrity of the tax system, and to strengthen the disincentives for tax avoidance.

These measures are not yet law.

Shortfall interest charge changes

The Government announced that it will extend shortfall interest charge to repayments of overclaimed tax offsets. The amendment to the law is contained in the *Future Made in Australia (Production Tax Credit and Other Measures) Act 2025*.

Where an assessment of an entity's tax liabilities is amended and, as a result, the amount of the tax offset for which the entity is eligible is reduced, the entity is liable to pay shortfall interest charge on the excessive amount of tax offset they received.

These changes apply to assessments made on and after 1 April 2025. This measure is now law.

For more information, see Future Made in Australia (Production Tax Credits and Other Measures) Act 2025

QC 103598

Strengthening the foreign resident capital gains tax regime

The government will strengthen the integrity of the foreign resident capital gains tax (CGT) regime.

Last updated 16 July 2026

2024–25 budget announcement

On 14 May 2024, as part of the 2024–25 Budget, the government announced it will strengthen the integrity of the foreign resident capital gains tax (CGT) regime to:

- ensure foreign residents pay their fair share of tax in Australia
- provide greater certainty about the operation of the rules.

The amendments will:

- clarify and broaden the types of assets on which foreign residents are subject to CGT
- amend the point-in-time principal asset test to a 365-day testing period
- require foreign residents disposing of shares and other membership interests exceeding $50 million in value to notify the ATO, prior to the transaction being executed.

This measure is not yet law.

2025–26 budget announcement

In the 2025–26 Budget, the government announced the amendments will apply to CGT events commencing on or after 1 January, 1 April, 1 July or 1 October after the act receives Royal Assent.

2026–27 budget announcement

The government announced further changes in the 2026–27 Budget, by providing a time-limited, targeted concession in the foreign resident CGT regime for investment in the renewables sector. The concession will apply to foreign investors disposing of certain renewable energy infrastructure assets from the first quarter following Royal Assent of the law, until 30 June 2030.

The government intends to amend the law to clarity that the concept of ‘real property’ in Australia is determined by Commonwealth legislation rather than state and territory laws.

Consultation

The Treasury conducted a consultation process seeking stakeholder views on specific implementation details of the 2024–25 Budget announcement from 23 July 2024 to 20 August 2024.

The Treasury recently consulted on the Strengthening the foreign resident capital gains tax regime draft legislation. Consultation ended on 24 April 2026.

Introduction

Treasury Laws Amendment (Strengthening Accountability for Tax Adviser Misconduct and Other Measures) Bill 2026 was introduced into parliament on 2 July 2026. The changes will take effect on the 1 October, 1 January, 1 April or 1 July immediately following Royal Assent.

For more information, see:

- Budget Paper no.2 2024–25 (PDF, 2.6MB)
- Budget Paper no.2 2025–26
- Budget Paper no.2 2026-27
- Strengthening the foreign resident capital gains tax regime – draft legislation
- Treasury Laws Amendment (Strengthening Accountability for Tax Adviser Misconduct and Other Measures) Bill 2026

QC 102086

Tax integrity - expanding the general anti-avoidance rule in the income tax law

The Government announced it will widen the scope of the general anti-avoidance rule for income tax.

Published 8 July 2025

On 9 May 2023, as part of the 2023–24 Budget, the Australian Government announced it will improve the integrity of the tax system by expanding the scope of the general anti-avoidance rule for income tax.

This measure is not yet law.

The general anti-avoidance rule for income tax will be expanded to include schemes that:

- reduce tax paid in Australia by accessing a lower withholding tax rate on income paid to foreign residents
- achieve an Australian income tax benefit, even where the dominant purpose was to reduce foreign income tax.

This measure will apply to income years commencing on or after 1 July 2024, regardless of whether the scheme was entered into before that date.

QC 105157

Tax Reform – better targeting the Research and Development Tax Incentive

The Government announced it will reform the Research and Development Tax Incentive.

Published 12 May 2026

On 12 May 2026, as part of the 2026–27 Federal Budget, the Government announced it will reform the Research and Development Tax Incentive (R&DTI) to better incentivise business R&D spending in Australia that leads to positive economic spillovers, while moderating growth in the fiscal cost of the incentive.

This measure is not yet law.

Under the measure, there will be 7 key changes to the current R&D regime. The Government will:

- replace the offset on supporting R&D activities with a higher offset rate on core activities by
  - removing eligibility of 'supporting' R&D activities from the offset
  - increasing offsets for expenditure on 'core' R&D activities through a 4.5 percentage point increase in the offset rate
  - lowering the intensity premium threshold from 2% to 1.5% of expenditure
- focus the refundable offset on high potential firms in need of cashflow support by
  - restricting access to refundable offsets to a company's first 10 years of operation
  - increasing the minimum expenditure for a business to be eligible in a given tax year from $20,000 to $50,000
  - increasing the turnover eligibility threshold on the refundable offset from $20 million to $50 million
- encourage large scale R&D firms to undertake their R&D in Australia by increasing the maximum expenditure threshold from $150 million to $200 million.

All changes will come into effect from 1 July 2028 and apply to all R&D entities.

For more information, see

- Research and development tax incentive
- Budget Paper No. 2, Budget 2026–27.

QC 107301

Tax reform – expanding venture capital incentives

Modernising the Early-Stage Venture Capital Limited Partnership and Venture Capital Limited Partnership tax incentives.

Published 12 May 2026

On 12 May 2026, as part of the 2026–27 Federal Budget, the Government announced it will modernise the Early-Stage Venture Capital Limited Partnership (ESVCLP) and Venture Capital Limited Partnership (VCLP) tax incentives to adjust for inflation by increasing caps on investee business assets and maximum fund size.

This measure is not yet law.

To ensure that incentives align with modern company valuations:

- Tax concessions will be available where ESVCLPs invest in businesses with assets up to $80 million at the time of investment – up from the $50 million asset cap set in 2007 (on ESVCLP introduction).
- ESVCLP investors may access tax concessions with respect to investee businesses with assets up to $420 million – up from the $250 million asset cap set in 2007.
- ESVCLPs may have total committed capital of up to $270 million – up from $200 million as last increased in 2016, and from the $100 million fund size cap set in 2007.
- Tax concessions will be available where VCLPs invest in businesses with assets up to $480 million at the time of investment – up from the $250 million asset cap set in 2002 (on VCLP introduction).

In addition, the Government announced that it will abolish the Eligible Venture Capital Investors (EVCI) program that was introduced to provide equivalent tax benefits for director foreign investors rather than via a limited partnership.

All changes to the ESVCLP and VCLP programs are proposed to come into effect from 1 July 2027 and will apply to new and existing funds and investments. The abolishment of the EVCI program will come into effect from the date of announcement, 12 May 2026.

For more information, see:

- ESVCLP tax incentives and concessions

- Budget Paper No. 2, Budget 2026–27.

QC 107300

Tax reform – introducing a minimum tax on discretionary trusts

The Government announced it will introduce a 30% minimum tax on discretionary trusts.

Last updated 3 September 2026

On 12 May 2026, as part of the 2026–27 Federal Budget, the Government announced it will introduce a 30% minimum tax on discretionary trusts from 1 July 2028.

This measure is not yet law.

The minimum tax will apply at the trustee level. Non-corporate beneficiaries who are presently entitled to a share of the net income of the trust will be able to claim a non-refundable income tax credit for the tax paid by the trustee on that income.

The Government will also introduce a time limited (3 years) restructure rollover with this measure. The proposed rollover relief will:

- be available from 1 July 2027
- facilitate the transfer of assets out of discretionary trusts to entities that are not discretionary trusts.

For more information, see:

- Budget 2026–27 Tax Explainer
- Budget Paper No. 2, Budget 2026–27
- Minimum tax on discretionary trusts – exposure draft legislation - consultation open 3–18 September 2026.

QC 107302

Tax reform – loss refundability for small start-up companies

The Government announced it will introduce loss refundability for small start-up companies.

Published 12 May 2026

On 12 May 2026, as part of the 2026–27 Federal Budget, the Government announced it will introduce loss refundability for small start-up companies.

This measure is not yet law.

Under the measure, new companies with aggregated turnover of less than $10 million will be able to claim a refund of tax losses in their first 2 years of operation, up to the amount of PAYG withholding and FBT payments made in the year the loss is generated.

The changes will apply to income years starting on or after 1 July 2028. Eligible companies will first be able to claim the refundable tax offset in their 2028–29 income tax returns.

For more information, see:

- Budget Paper no.2: Budget.gov.au

QC 107287

Tax reform – tax loss carry back

The Australian Government has announced it will reintroduce a loss carry back tax offset.

Last updated 27 August 2026

On 12 May 2026, as part of the 2026–27 Budget, the Australian Government announced it will reintroduce a loss carry back tax offset.

This measure is now law.

Under the measure, corporate tax entities with aggregated annual global turnover of less than $1 billion will be able to carry back a tax loss and offset it against tax paid in either or both of the 2 previous income years. Loss carry back will apply to revenue losses only and will be limited by the entity's franking account balance.

The changes will apply to income years starting on or after 1 July 2026. Eligible corporate tax entities will first be able to claim the refundable tax offset in their 2026–27 income tax returns.

For more information, see:

- Budget Paper No. 2 | Budget 2026–27
- Treasury Laws Amendment (Tax Reform No. 2) Act 2026

QC 107760

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