Practitioners HUB

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2025

Federal Budget

Taxation Highlights for Accounting Professionals

Overview

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Taxation Highlights for Accounting Professionals

The Australian Federal Budget 2025-26 arrived with a pre-election flourish – offering up tax cuts (and even cheaper beers) while largely steering clear of radical tax reform.

For accountants advising clients, the budget's tax measures are a mix of modest relief for individuals, a status quo for businesses (with a few targeted incentives), and a boost to ATO compliance efforts.

Below we break down the key taxation announcements – from income tax tweaks and business deductions to international tax changes, ATO funding, and superannuation updates – with an eye to what they mean for your practice and your clients.

Individual Income Tax Changes: Relief (Mostly at the Low End)

Personal tax cuts

The headline act is a further reduction in personal income tax rates for low and middle incomes, clearly timed as cost-of-living relief (and, cynics might say, as an election sweetener).

- The **tax rate for the $18,201–$45,000 bracket** will be trimmed over the coming years:
  → from **16% to 15%** on **1 July 2026**,
  → and then down to **14%** from **1 July 2027**.

This effectively means the entire first taxable bracket (above the tax-free threshold) will be **5 percentage points lower** than it was prior to the Stage 3 tax cuts.

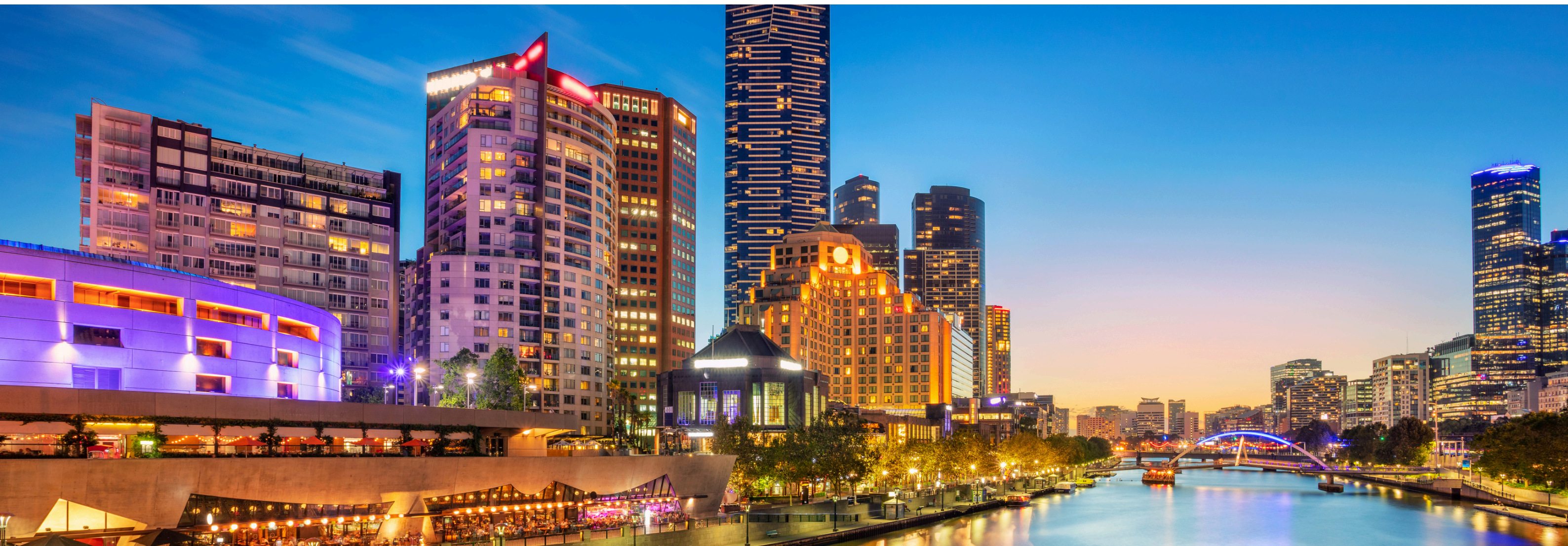
For a taxpayer earning above $45,000, the full benefit will be about:
- **$268 less tax in 2026–27**, and
- **$536 less from 2027–28 onwards**.

It's not exactly a life-changing windfall, but every dollar counts – and as the Treasurer put it, it helps combat *"bracket creep"* by letting low-to-mid income earners keep a bit more of their salary.

Stage 3 tax cuts confirmed

It's worth noting that the big structural income tax changes legislated in earlier years (the **"Stage 3" tax cuts**) are proceeding.

From **1 July 2024**, the income tax brackets flatten:
- The **32.5% marginal rate** drops to **30%**
- The **37% bracket disappears entirely**
- A broad **30% bracket** now spans incomes from **$45,001 up to $200,000**
- The **top 45% rate** now kicks in at **$200k** (up from $180k)



Meanwhile, the lowest bracket rate had been **19%**; it was revised down to **16%** as part of last year's budget tweaks, and as noted above, will fall further to **14%** over the next few years.

In short, **high-income earners** still enjoy the lion's share of tax relief from Stage 3 (a taxpayer on $200k stands to save around **$9,000/year**), but **lower earners are getting a small additional cut** on top of that.

The table below summarises the new individual tax rate landscape:

<table>
<tr><th colspan="4">Already legislated</th><th colspan="4">Proposed changes</th></tr>
<tr><th colspan="2">2023–24</th><th colspan="2">2024–25 and 2025–26</th><th colspan="2">2026–27</th><th colspan="2">2027–28</th></tr>
<tr><th>Income threshold</th><th>Tax rate</th><th>Income threshold</th><th>Tax rate</th><th>Income threshold</th><th>Tax rate</th><th>Income threshold</th><th>Tax rate</th></tr>
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Medicare Levy Thresholds

Another individual tax tweak in this Budget is an inflation-based update to the **Medicare Levy low-income thresholds**, ensuring low earners are not unintentionally subject to the levy.

Effective from **1 July 2024**:

- The threshold for **singles** increases from **$26,000 to $27,222**
- The threshold for **families** increases from **$43,846 to $45,907**

Additional adjustments include:

- A higher threshold for **seniors and pensioners** — for example, the singles seniors threshold increases to **$43,020**
- An increase of **$4,216 per dependent child or student** to the family threshold

In practice, individuals and families with incomes below these updated thresholds will **remain exempt from the 2% Medicare Levy**.

While the revenue impact is modest (with an estimated cost to government of **$648 million over five years**), the change supports the broader cost-of-living focus of the Budget and provides minor relief to lower-income households.

Income threshold	2022–23	2023–24	2024–25
Singles	$24,276	$26,000	$27,222
Families	$40,939	$43,846	$45,907
Single seniors and pensioners	$38,365	$41,089	$43,020
Family threshold for seniors and pensioners	$53,406	$57,198	$59,886
Increase in the threshold for each dependent child or student	$3,760	$4,027	$4,216

No New Offsets or One-Off Measures

Accountants will recall the now-expired **Low and Middle Income Tax Offset (LMITO)**, which provided up to **$1,500** in additional refunds in recent years.

In this Budget, there is **no replacement offset or bonus**. The government appears to be favouring a **structural rate cut approach** over temporary or one-off offsets.

Other cost-of-living support has been delivered **outside the tax system**, including:

- A **$150 energy bill credit** for households
- A **two-year pause on indexation of beer excise**

While these measures may provide modest relief to households, **no new tax rebates or direct income tax offsets** were introduced for individuals as part of the Budget.

Higher-Income Individuals: No New Taxes or Concession Changes

For individuals at the higher end, aside from the **Stage 3 tax cuts** kicking in from **1 July 2024**, this Budget did **not introduce new taxes** or remove existing concessions.

- **Rumoured changes** to the **capital gains tax discount** or **negative gearing** did not materialise.
- These politically sensitive areas were **left untouched**, consistent with a **“no surprises” approach** in the lead-up to the next federal election.

The **absence of major structural changes** is notable in itself, suggesting a deliberate decision to avoid policy shocks for higher-income earners.

The only measure still on the horizon is the **previously announced tax increase on superannuation balances above $3 million**:

- From **2025–26**, earnings on balances above $3 million will be taxed at **30%** (up from 15%).
- While not part of this Budget specifically, this change remains a key consideration in tax planning for high net wealth individuals.

Further details on superannuation measures are covered in the relevant section below.

Key Takeaway for Individual Clients

- **Update PAYG withholding and tax planning** for the **2024–25 income year** to reflect the Stage 3 tax rates.
- This is particularly relevant for clients earning between **$120,000 and $200,000**, who will benefit most from the bracket changes.
- For **lower-income clients**, keep in mind the further rate reductions scheduled for **2026 (15%)** and **2027 (14%)** in the first taxable bracket.
- While the savings are modest, they may be relevant for **long-term planning and cash flow projections**.
- Clients **close to the Medicare Levy thresholds** should review their projected income to avoid unexpected levies.
- The **updated thresholds** from **1 July 2024** offer some relief but should be considered in annual estimates.

Business Taxation:
Stability, with a Couple of Nods to Investment

If you were hoping for sweeping business tax cuts or big new deductions, this Budget might feel like the bar fridge that's run out of beer.

There were no changes to company tax rates or introduction of broad-based tax concessions for businesses at large. The government's message is clear: this is a Budget focused on stability and compliance, with a few targeted incentives in niche areas.

Asset Deductions: Instant Asset Write-Off Winding Down

The popular **Instant Asset Write-Off (IAWO)** for small business is confirmed to **expire on 30 June 2025**, with no extension included in this Budget.

- Last year, the government had extended the IAWO (with a **$20,000 per asset threshold**) through to **FY2024–25**.
- From **1 July 2025 onwards**, businesses will revert to standard depreciation rules unless further legislation is introduced.

In practical terms, this means a return to:
- Tracking assets in the **small business general pool**
- Applying **depreciation over time**, rather than claiming full deductions upfront
- Likely working with a **$1,000 write-off threshold**, unless this is updated by future legislation

What accountants should do:
- Review asset acquisition plans with clients and consider bringing forward eligible purchases before **30 June 2025** to maximise deductions.
- Be prepared to reintroduce depreciation schedules and asset registers.
- Ensure clients are aware of the change, especially those who have become accustomed to the simplicity of full expensing.

The Budget's silence on extending or replacing the IAWO may be seen as a **subtle tightening of fiscal policy**, likely due to concerns around revenue sustainability.

Announced But Unenacted Measures – Still in Limbo

Practitioners will be familiar with the growing list of tax policy proposals that have been in legislative limbo for years — the so-called announced but unenacted measures (ABUMs). Once again, this Budget provides no resolution or meaningful progress on many of these.

Key examples include:
- **Division 7A reforms**: Still awaiting action. Proposed changes to the treatment of private company loans to shareholders remain on hold, despite years of consultation.
- **Corporate tax residency test**: The proposed modernisation of residency rules for companies incorporated offshore remains unlegislated. For now, practitioners must continue applying current rules supported by ATO guidance.

In short, the uncertainty around these measures continues. They haven't been scrapped, but they're not advancing either.

Advisory note for the year ahead:
- Stick with the current legislation
- Keep a close eye on post-election developments that may revive or finally resolve these measures

No New General Business Concessions

Aside from the winding down of the IAWO, this year's Budget contains no broad-based new deductions or tax offsets for small or large businesses.

- The **temporary full expensing** regime concluded in 2023.
- The **Small Business Energy Incentive** announced in 2023 has not progressed to legislation and remains inactive.

Overall, business taxation settings remain stable. The government's focus has shifted firmly toward **targeted sectoral support** and **strengthening compliance**, rather than implementing new economy-wide tax concessions.

Targeted Industry Incentives

The Budget includes a handful of targeted, sector-specific tax measures as part of the government's "Future Made in Australia" agenda:

- **Green Aluminium Production Credit**: $2 billion allocated for production-based credits to encourage aluminium smelters to transition to renewable energy by 2036.
- **Green Iron Investment Fund**: $1 billion over seven years to support the decarbonisation of iron and steel production, including upgrades at the Whyalla Steelworks.

These initiatives are long-term and strategic. While not applicable to the broader SME sector, they may be relevant for clients operating in energy-intensive or industrial sectors.

No Change to R&D Incentives

The **Research & Development Tax Incentive** remains unchanged in this Budget. Businesses may continue using the current framework:

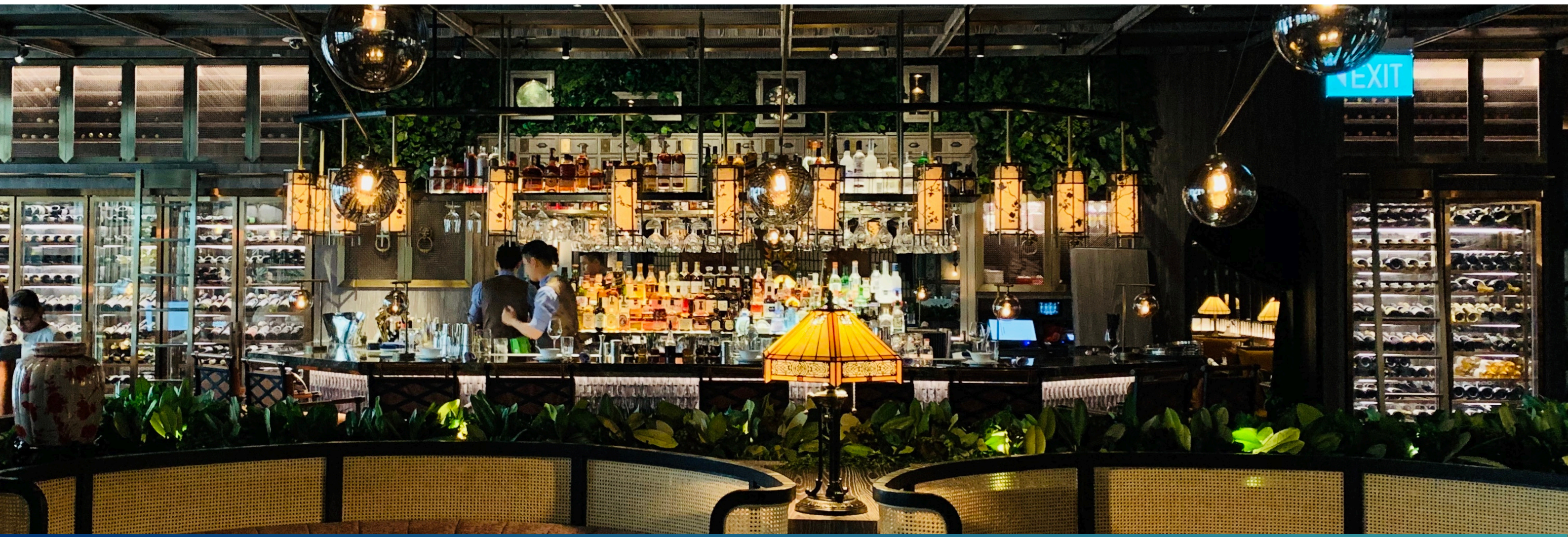
- **18.5% refundable offset** for eligible small entities
- **Tiered non-refundable offsets** for larger entities, depending on R&D intensity

Alcohol Excise and Hospitality Support

Several changes have been announced to support brewers, distillers, wine producers, and hospitality venues:

- **Pause on indexation**: Draught beer excise and equivalent customs duties will be frozen from August 2025 through to August 2027. Indexation will resume thereafter.
- **Increase to excise remission caps**: From 1 July 2026, the annual cap under the Excise Remission Scheme and the Wine Equalisation Tax (WET) rebate will rise from $350,000 to **$400,000**.

These changes aim to support **regional manufacturers**, boost **hospitality and tourism**, and provide modest cost relief for eligible producers.



Key Takeaway for Business Clients

- Corporate tax rates remain unchanged: **25% for base rate entities**, **30% for others.**
- Businesses should plan around the **June 2025 deadline** for the instant asset write-off.
- Continue monitoring **unlegislated measures** (e.g., Division 7A, ABN reforms, corporate residency changes).
- For clients in **manufacturing, energy, or beverage production**, assess eligibility for targeted credits or excise relief.

Reference Table: Notable ABUMs Still Awaiting Progress

Measure	Original Announcement	Current Status
Division 7A reform	Budget 2016-17 and 2018-19	No legislative progress
Corporate tax residency rules	Budget 2020-21	Still pending
ABN reforms	Budget 2018-19	No development post-consultation
Deduction denial for GIC/SIC	MYEFO 2023-24	Bill before Parliament
Early access to super for crime victims	Consultation 2018	No legislative movement
Individual tax residency reform	Budget 2021-22	No recent updates
Education and training deduction	Budget 2020-21	Awaiting policy response
FBT car parking changes	Announced 2022	Consultation not progressed
Division 296 – $3m super balance tax	Budget 2023-24	Enabling bill under review
Payday super	Budget 2023-24	Draft legislation released
Pillar Two global tax	Budget 2023-24	Draft legislation released
SMSF residency rule changes	Budget 2021-22	Still deferred
TPAR electronic reporting	Budget 2022-23	Awaiting implementation

International Tax and Cross-Border Measures: Housing Ban and Investment Tweaks

The budget includes a few measures that affect foreign investors and cross-border taxation – mostly aimed at housing and investment structures, rather than new international tax regimes:

Temporary ban on foreign home buyers

In a bid to ease housing affordability (or at least appear to be doing so), the government will ban foreign persons from purchasing established residential properties for **two years**, effective **1 April 2025**.

This ban covers:

- **Non-resident foreigners**
- **Temporary residents**
- **Foreign companies**

Some limited exceptions apply, including:

- Investments that **add to housing supply** (e.g. building new dwellings or significant redevelopment of existing ones)
- Foreign companies purchasing housing for **employee accommodation**

The idea is to **direct foreign investment into new construction**, rather than having it compete with locals for existing homes.

For accountants with foreign investor clients: alert them to this change pronto. A foreign client looking to buy a house or apartment in Australia will be essentially **locked out of the established housing market** for the next two years. (New developments remain open to them, as do commercial properties).

It's also worth noting the government's enforcement plan:

- **$5.7 million** is allocated to the **ATO** to police this ban
- Another **$8.9 million** jointly to the **ATO and Treasury** for compliance efforts aimed at preventing **"land banking"** by foreign investors

In practice, this means the ATO will step up scrutiny to ensure foreign-owned vacant land is being developed, not just held idle.

The takeaway: foreign investors need to either **contribute to new housing stock** or sit on the sidelines — and the **ATO will be watching**.

Managed Investment Trusts (MITs) – Clarification for Foreign Investors

In welcome news for the funds management sector, the government will clarify the law to ensure certain trusts with **single foreign institutional investors** can qualify as **Managed Investment Trusts (MITs).**

This responds to concerns that so-called **"captive" trust structures** – for example, an Australian unit trust where one large foreign pension fund owns all the units – might technically fail the MIT **"widely held" requirements**.

The budget announcement makes clear that:

- If that sole investor is itself **widely held** (e.g. a pension or sovereign fund),
- The trust will be treated as a **Managed Investment Trust**,
- And can access **concessional withholding tax rates** on distributions to the foreign investor.

The change will apply to **fund payments from 13 March 2025**.

Practically, this preserves the:

- **15% MIT withholding rate** (or
- **10% for certain fund payments**)

For eligible foreign investors and avoids an interpretation that could have seen them taxed at **30%**.

Fund managers and advisers should feel relief – this removes a potential hurdle for **inbound investment vehicles**.

However, detail is still scant on the precise conditions, so stay tuned for the **enabling legislation**.

The ATO had earlier issued a **Taxpayer Alert** on schemes to circumvent MIT rules, so this clarification is part of tightening the **integrity around MITs** while not deterring legitimate institutional investment.

Foreign Resident CGT Regime – Deferred Expansion

A previously announced plan to **expand Australia's taxing rights on foreign residents' capital gains** has been **put on hold**.

Last year's Budget proposed:

- Broadening the scope of assets that foreign investors must pay CGT on (particularly targeting **indirect Australian property holdings** and **infrastructure assets**)
- Replacing the **principal asset test** with a **365-day look-back test**
- Introducing other technical changes to tighten CGT coverage

These reforms were scheduled to begin **1 July 2025**, but have now been **deferred** to the **later of 1 October 2025 or royal assent** of the legislation.

In short:

- The rules will **tighten**, restricting foreign investors' ability to avoid Australian CGT on certain disposals
- But **not as soon** as originally planned
- **No legislation has been released yet**, so this remains a **"watch this space"** development for 2025

Practical impact:

- If you have foreign clients with **Australian property** or **shares in property-rich entities**, they now have a **temporary reprieve**
- Once enacted, **more sales by non-residents** (that currently escape tax) could become **taxable at 30%**
- Given the deferral, there's **no immediate action required**, but it's important to be aware that **from late 2025 or 2026**, the **net is likely to widen**

Delays to Clean-Building MIT Changes

Similarly, the Budget has **delayed the commencement** of the proposed **"clean building" MIT withholding tax concessions expansion**.

The **2023–24 Budget** had announced an extension of the **10% concessional withholding tax rate** to MIT investments in **qualifying data centres and warehouses**, provided they meet certain **energy efficiency standards**.

- Originally slated to begin **1 July 2024**,
- The start date is now **deferred to after royal assent** of the enabling legislation — with **no confirmed timeline**.

What this means:

- Foreign investors in **green-certified data centres or warehouses** will need to wait longer for tax certainty on those investments.
- There is **no immediate change** to existing rules — this update is strictly a matter of **timing**.

No New Global Tax Rules Yet

Notably absent was any new announcement on implementing the **OECD Pillar Two global minimum tax** for large multinationals.

- Australia has committed in principle to the **15% global minimum**, but legislation has been slow.
- The Budget didn't introduce anything new, implying that any future measures (such as a **domestic minimum tax** or **qualified income inclusion rule**) will be handled **separately**.

Multinationals and their advisers should continue preparations based on **prior guidance** — the government had previously indicated a start as early as 2024 for some rules — but the Budget itself remained **silent** on this front.

Key Takeaway for International Matters

- For **foreign investor clients**, the immediate concern is the **new property purchase ban** — ensure compliance and explore exceptions if applicable.
- For **international funds and investors**, the **MIT clarification** is a positive sign — but wait for the fine print.
- Keep an eye on **delayed measures** (foreign CGT and clean building MITs) — they're **not dead, just sleeping**.
- Also, remain vigilant for **separate legislation** on global tax reforms, even though the Budget didn't address them directly.

ATO Funding and Compliance Initiatives: The Taxman's War Chest

Rather than raising new taxes, the government is leaning on **tax enforcement** to boost revenue (a time-honoured strategy). The 2025 Budget hands a significant sum to the Australian Taxation Office to continue and expand various compliance programs.

Accountants should expect the ATO's presence to be felt in certain areas as a result.

Here are the big allocations:

Tax Avoidance Taskforce – extended

The ATO's taskforce targeting **multinationals, large corporations, and high-wealth groups** gets a hefty **$718 million boost**, extending its operations for **four more years**.

This means continued scrutiny of:
- **Large business transfer pricing**
- **Profit shifting**
- **Aggressive tax structures** through to **2028–29**.

If you deal with multinational clients, anticipate that the ATO will keep knocking on doors (and the bar for aggressive tax planning will remain very high risk). The government expects a good return on this investment – and indeed, these audits have been a **cash cow** in the past.

Shadow Economy Program

An extra **$155.5 million over four years** goes into cracking down on the **shadow (cash) economy**.

Focus areas include:
- Under-reported cash income
- Wage underpayment
- Illicit tobacco sales

For small businesses, this means the ATO will continue:
- **Stings and data-matching**
- Targeting unreported cash takings
- **ABN misuse**

Tax practitioners should caution clients (again) that the old **"cash in hand"** habits are squarely in the ATO's sights. We've seen ongoing stings in hospitality, home services and other cash-heavy sectors – expect more.

There's also a dedicated **$4 million for an illicit tobacco taskforce** – a reminder that avoiding tobacco excise is a big no-no, which can entangle businesses in hospitality/retail if they aren't careful about suppliers.

Personal Income Tax Compliance Program

Individual taxpayers aren't off the hook either. **$75.7 million** is earmarked to continue the ATO's efforts in targeting **personal income tax errors and evasion**.

Likely areas of focus:

- Over-claimed deductions (e.g. work-related expenses, rental property claims)
- Undeclared income (e.g. gig economy earnings, crypto gains)
- Holiday home rental deductions
- Capital gains reporting

Tax agents should be prepared for:

- More **data-driven nudges**
- **Reviews of individual returns**

Message to clients: don't play fast and loose with deductions or omitted income – the ATO's analytical tools are only getting sharper with more funding.

Tax Integrity Program (Medium/Large Business)

Another **$50.0 million** goes to a **tax integrity program** focusing on **timely payment of tax and superannuation liabilities** by **medium and large businesses**.

In practice, this means the ATO will put resources into:

- Ensuring **larger firms** (and **wealthy family groups**) pay their tax bills on time
- Making sure employers keep their employees' **superannuation contributions** up to date

We might see more:

- **Proactive recovery action**
- **Close monitoring** of payment arrangements

Companies with **cash flow issues** should be mindful that the ATO will be **less lenient** if they fall behind on obligations – the watchdog has fresh funding to **chase debts**.

Housing Compliance

As noted earlier, about **$14 million combined** is going to enforcing **foreign investment rules in housing** (the **ban** and **land banking**). So expect **ATO audits** in that niche as well.

All up, the budget projects an impressive **$3.2 billion in additional revenue over four years** from these compliance measures. (Indeed, Treasury is counting on the **taxman to help patch the deficit**.)

However, an interesting insight for the bean counters:

- The bulk of that revenue is slated to **materialise in the fourth year**, around **2028**.
- The funding is somewhat **back-loaded** too – on average only **~$75m extra per year** in the next 3 years, which actually is a **reduction in annual funding** compared to previous plans.

This suggests the ATO might:

- **Ramp up activity slowly**, or
- Treasury has **tempered expectations** in the near term.

Still, from an advisor's perspective, the trend is clear – **robust tax compliance enforcement is here to stay**.

Tax Practitioner Regulation Overhaul

Finally, beyond pure dollars, there's a notable initiative on the regulatory side:

Tax practitioner regulation overhaul – The budget provides **$27.4 million** to the **Tax Practitioners Board (TPB)** to strengthen sanctions and modernise the registration framework for tax agents.

Starting from **1 July 2026**, the TPB will have an **expanded toolkit** to discipline tax practitioners, and by **1 July 2027**, new registration requirements are expected to come in.

For accountants who are registered tax agents, this is an important heads-up: **the oversight of our profession is tightening**.

Among the mooted changes are:
- Harsher penalties for **unregistered "ghost" preparers** (including reintroducing criminal offences for unregistered practice)
- The ability for the TPB to impose **civil penalties** for breaches of the Code of Conduct
- Interim **suspensions for agents under investigation**

They also decided **not to proceed** with some controversial ideas:
- Forcing a certain ratio of registered individuals in each firm
- Allowing **micro-credential shortcuts** to qualifications

The bottom line: The TPB will be **better resourced** to go after rogue operators and ensure **higher standards**.
Reputable practitioners should welcome this – it helps weed out the few "cowboys" tarnishing the industry's reputation.

But it also means **all of us need to keep our own houses in order**:
- Expect the TPB to be more active in **audits of CPD, ethical breaches**, and so forth once these reforms kick in.
- It's a good time to **review your practice's compliance** with TPB requirements. (And if you've been procrastinating your registration renewal or educational requirements, consider this your gentle nudge.)

Key Takeaway on Compliance

Forewarn your clients in targeted groups (multinationals, cash businesses, individuals with risky claims) that the **ATO will be extra vigilant** – indeed, some clients may find themselves on the receiving end of a **compliance review sooner rather than later**.

Proactively ensure their record-keeping and tax positions are **defensible**.

For your own practice, be mindful of the coming **TPB changes** – **higher standards and enforcement** will reward those doing the right thing and **crack down on those who aren't**.

Superannuation and Related Measures: Paying Super on Time (Finally)

Superannuation got a few mentions in the budget, focusing on improving retirement outcomes and compliance rather than tax hikes (aside from the previously noted high-balance tax change in the pipeline).

Key points for accountants and payroll advisors:

Payday Super confirmed from 1 July 2026

It's official: the budget reiterates that from **1 July 2026**, employers will be required to pay **Superannuation Guarantee (SG)** contributions **at the same time as wages**.

This move to **"payday super"** has been long discussed, and now we have a **start date locked in**.

For those not already syncing super with payroll cycles, this is a **significant operational change**. Businesses will need to adjust their **payroll processes and cash flow planning**.

No more holding onto employees' super money for a quarter – each **pay run will also trigger the super payment**.

The government's reasoning is straightforward:

- More frequent contributions mean workers' retirement savings start earning **investment returns sooner**
- It reduces the risk of employers **going bust and leaving super unpaid**

As advisors, we should start **preparing our employer clients** for this transition.

- Payroll software will likely update to accommodate it
- But the **cash flow impact** (especially for small businesses used to that lag) should be highlighted

On the plus side:

- It may **simplify compliance** in the long run
- And reduce **SG charge issues**

The **ATO is getting extra funding** to build **real-time SG monitoring systems**, so expect more oversight of super payments once this kicks in.

Super on Paid Parental Leave

In a win for new parents, the government will, for the first time, **pay superannuation on Commonwealth Paid Parental Leave (PPL)** entitlements.

Starting **1 July 2025**, when an eligible parent is receiving paid parental leave from the government, they will also receive **SG contributions** (at the **standard rate**, which will be **12% by then**) on those payments.

This closes a well-known gap in the super system that **particularly affects women** (who are more likely to take parental leave and hence miss out on super for that period).

For accountants, this doesn't create new work per se (as the government pays PPL, and now will also pay the super on it), but it's a **policy change worth noting** for any clients planning a family – it will **modestly improve their retirement savings trajectory**.

It's also something to consider in any **gender pay equity analysis** or when advising on an employee's **total remuneration package**.

Superannuation High Balance Tax

Although not a new budget measure, it bears reminding: from **2025–26**, individuals with **super account balances above $3 million** will see **earnings on the excess taxed at 30%** instead of 15%.

The **mechanics** (measuring the earnings and applying an extra tax) are still being legislated, but the policy is **slated to go ahead**.

The Budget did not add anything further here, implying **no change of heart**.

If you have clients in that **elite category** (roughly **0.5% of super members**), keep this on your radar for planning purposes – e.g. it may influence strategies around **contributions versus holding assets outside super**.

For most clients, though, this is not directly relevant, and the **concessional 15% rate in accumulation** (and **0% in pension phase** for balances under the transfer balance cap) remain **untouched**.

No Changes to Contribution Rules

The budget did not announce alterations to **super contribution caps or ages**.

- The standard **concessional (before-tax)** and **non-concessional (after-tax)** contribution limits are **unchanged**
- The legislated increase of the **SG rate to 12% by 1 July 2025** is on track
- (currently **11%**, rising to **11.5% from 1 July 2024**)

So, aside from the items above, it's **business as usual** for **super contributions and pensions**.

Key Takeaway for Superannuation

The biggest practical change is the coming **payday super requirement** – start talking with your **employer clients** now about preparing for that by **mid-2026**.

It's also worthwhile to check that clients are aware of the **SG rate rising** (to **11.5% this year**, **12% next year**) as part of their **cost planning**.

For **individual clients**, especially **women**, note the added **super on paid parental leave** – a **small but meaningful improvement** in their long-term financial picture.

And for those few **very high net worth individuals** with **>$3m in super**, continue strategising for the impending **higher tax on their super earnings**.

Conclusion: Planning Ahead in a Steady-As-She-Goes Tax Landscape

In summary, the **2025 Federal Budget's tax measures** can be characterised as **incremental and targeted**.

- **Individual taxpayers** get some relief (especially at lower incomes), albeit with the **biggest cuts still flowing to higher earners** via Stage 3.
- **Businesses** didn't see broad tax cuts – instead, they face the **winding back of temporary perks** like the instant asset write-off and must navigate an **unchanged tax framework**, with a few new incentives if they're in specific sectors.
- **Internationally**, the government is tightening rules around **foreign investment in housing** and **clarifying fund tax settings**, but major global tax reforms are in a **holding pattern**.
- The **ATO**, however, is certainly **not** in a holding pattern – it's been **empowered and funded** to ramp up **compliance**, which means both taxpayers and **tax practitioners** need to be on their A-game with **compliance and record-keeping**.
- Meanwhile, **superannuation changes** continue to trickle in to improve **fairness and enforcement** in the system.

For **accounting practitioners**, the practical takeaways are clear:

- **Update clients' tax projections** for the new individual rates and thresholds
- Encourage businesses to **utilise current deductions** before they expire
- Reinforce **compliance best practices** given the ATO's sharpened focus
- Begin transitioning clients toward **upcoming changes** like payday super

While the measures might not be revolutionary, there's plenty here that requires **attention to detail** and **proactive client advice**.

In an **election year budget**, the government opted for a **steady approach** – sprinkling enough tax perks to please voters but largely keeping the tax system on its **existing course**.

That means **no upheavals** for us to manage, but also no grand **simplification or reform** of the kind the profession often calls for.

As always, staying informed is half the battle. With the above insights, you can confidently **navigate the post-budget period**, advising your clients on **what's changed, what hasn't**, and how to **position themselves for the year ahead**.

Also, if all else fails, at least enjoy the fact that your next draft beer might cost a tad less – **courtesy of fiscal policy**!
Cheers to that, and to another Federal Budget in the books.

Practitioners HUB

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2025

Federal Budget

Taxation Highlights for Accounting Professionals

Overview