The Next Move

July 2026

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Embark TAX SERVICES

Two Jobs, One Tax-Free Threshold

Why You Might Owe More Tax Than You Think

If you worked more than one job this year, there is a fair chance your tax return won't land quite the way you expect — and we'd rather warn you now than surprise you at the end.

Every Australian gets one tax-free threshold: the first $18,200 you earn each year, on which no tax is payable. When you start a job, your employer asks whether you'd like to claim it. The problem begins when you answer 'yes' to two employers at the same time.

Each employer then withholds tax as though they're the only one paying you — effectively applying the tax-free threshold twice. Your take-home pay looks healthy through the year. But you're only entitled to that $18,200 once. When we add both incomes together at year end, the tax actually owed is higher than the amount withheld, and that gap becomes a bill.

This catches people out even when the jobs don't overlap. A common example: you finish one job, receive a holiday pay payout, then start somewhere new straight away. For a short window, both employers are applying the threshold — giving you two tax-free thresholds for the same period.

There is a second trap. Your second wage stacks on top of your first, which can push that income into a higher tax bracket than either employer accounted for. Again, not enough tax comes out along the way.

The fix is simple going forward: if you're juggling two jobs, claim the tax-free threshold on only one — ideally the higher-paying role — and let the second withhold at the full rate. Each pay may be a little lighter, but you're far less likely to face a surprise bill at tax time.

If you've had more than one employer this year — or you're about to start a second job — it's worth a quick conversation with us before you lodge your return. Get in touch and we'll make sure there are no surprises.

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Negative Gearing — What Actually Changes

The headlines say negative gearing is "gone." For most investors, that is not what the new law does.

The Tax Reform No. 1 Bill 2026 passed both houses of Parliament on 25 June 2026 and received Royal Assent on 26 June 2026. It is now law — though the negative gearing changes do not take effect until the 2027–28 income year, so nothing changes in the meantime.

What is actually changing

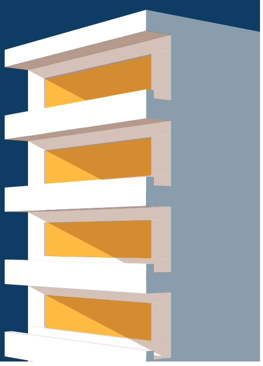
Negative gearing lets an investor whose property costs — loan interest, rates, repairs, management fees — exceed the rent deduct that net loss against their other income, such as salary, reducing their overall tax.

From the 2027–28 income year, that ability is wound back for established residential investment properties, but only for properties purchased after 7:30pm on 12 May 2026 (Budget night). For those properties, a net rental loss can no longer be deducted against salary or other non-property income. The loss is not lost: it is quarantined, carried forward, and can be applied against residential property income — other rental income, or the capital gain when you eventually sell a residential property.

Who is protected

Two important groups are unaffected:

- Properties you already held at Budget night. Anything you owned, or had under contract, at 7:30pm on 12 May 2026 is fully grandfathered. You can keep negatively gearing it against your other income in the ordinary way for as long as you hold it.
- New builds. Eligible new-build residential property retains full negative gearing — and, as it happens, the more favourable capital gains treatment when sold. The policy is deliberately steering investment toward new housing supply.



What is not affected at all

The change is confined to residential property. Commercial property, shares and other investments are untouched and continue to be negatively geared as they are today. Superannuation funds, including SMSFs, and widely held trusts are also excluded from the new rules.

Where this leaves you

If you already own an investment property bought before Budget night, you don't need to do anything — your position is unchanged.

If you are thinking about buying an established residential property from here on, the tax calculus has shifted. From 2027–28 you won't be able to use a rental shortfall to reduce the tax on your salary, so cash flow and yield matter more than they used to. A new build keeps the existing treatment; and if you are weighing residential against commercial, commercial property is now relatively more attractive on this measure.

This article covers negative gearing only. The same Act also changes the CGT discount — covered in our separate article on the new 30% minimum tax — along with several other measures we will address in future editions.

None of this is a reason to rush a purchase or a sale. The better move is to map out how the changes affect your particular holdings and plans before you commit. We are happy to work through that with you — just get in touch.

Buying Property in Your Super Fund? A Deadline You Need to Know About

From 10 August 2026, super funds can no longer borrow to buy a home or unit as an investment. If you already have a loan, you are protected. If you are mid-purchase, the key date is simpler than you might think — but you need to act now.

If you have been thinking about buying an investment property inside your self-managed super fund (SMSF) using borrowed money, there is an important change coming — and if you are already partway through a purchase, you may need to move quickly.

From 10 August 2026, an SMSF will no longer be able to borrow to buy residential property. Two pieces of good news upfront: if your fund already has a property loan, nothing changes for you; and if you are mid-purchase, what matters is the day you sign the contract — not the day settlement occurs.

What is changing

For years, SMSFs have been able to borrow to buy property through a limited recourse borrowing arrangement. A recent change to the law closes that door for residential property. From 10 August 2026, your fund can only borrow to buy property used in a business — commercial premises, a shop, an office or a factory. Borrowing to buy a house or unit to rent out will no longer be permitted.

If you are mid-purchase: the deadline that matters

The question we hear most often is: what is the actual cut-off — the contract date or the settlement date? It is the contract date. If you sign (exchange) contracts before 10 August 2026, your purchase is protected — even if settlement happens weeks or months later. That means an off-the-plan purchase that won't be finished for a year is still fine, provided contracts are signed before the deadline.

You do not need your loan approved yet

You do not need your loan fully approved by 10 August. A contract that is 'subject to finance' still counts — a signed contract is a signed contract, even with a finance condition attached. Your loan can be approved and the money drawn down after the deadline. The thing that must happen before 10 August is signing the purchase contract.

What to do now

- If you are buying, aim to sign contracts well before 10 August. Give yourself a buffer — do not leave it to the last day.
- Let us get your fund's structure ready first. Your SMSF buys the property through a special holding trust that must be set up and dated correctly before you sign. We can put this in place quickly — talk to us early.
- Do not wait for the banks. When SMSF borrowing last came under pressure in 2018, the major banks left the market well ahead of any legal change. Residential SMSF lending is already limited to a handful of specialist lenders — expect capacity to tighten as 10 August approaches.
- Ask for a longer settlement period. With a rush of applications expected, loan approvals may take longer than usual. A longer settlement gives your loan time to come through.

One to watch — brand-new property from a developer

There is one technical question still unresolved. There is an argument that a brand-new property bought directly from a developer might — in narrow circumstances — still qualify for SMSF borrowing, because at the point of purchase it is the developer's business stock. Do not count on this. It is untested, runs against the clear intent of the change, and may be shut down by the tax office or further legislation. We are watching it closely and will update you if the position becomes clearer. For now, treat it as a possibility — not a plan.

If you are considering buying property inside your SMSF — or you are already mid-purchase — please contact us before you sign anything. Time is short, the structure needs to be right before contracts are exchanged, and lender capacity may tighten quickly. Come to us first.

The 30% Floor on Capital Gains

Why the Old Playbook No Longer Works

From 1 July 2027, the 50% CGT discount will be replaced — for individuals, trusts and partnerships — by two mechanisms working together: indexation of the asset's cost base, and a minimum 30% tax on the resulting net gain. Indexation is genuinely helpful: you are taxed only on the real, above-inflation gain. The 30% floor is where the planning landscape changes.

How the floor works

The floor sets a minimum effective rate. If your gain would otherwise be taxed above 30%, nothing changes — you pay your marginal rate. If your rate on the gain would fall below 30%, the floor tops it up to 30%. Critically, it is calculated on the gain itself, independently of the rest of your tax position. That removes a series of familiar strategies from the table:

- Realising in a low-income year no longer helps. Deferring a sale to a year when you expect a lower marginal rate will not get you below 30% on the gain.
- Large concessional super contributions no longer help. Catch-up contributions and the two-year contribution-reserving strategy can reduce your taxable income — but not the tax on the gain below 30%.
- Even substantial tax losses won't help. Carried-forward revenue losses and other deductions can shelter your other income, but the gain itself is still taxed at a minimum of 30%.

There is one important exception. People receiving means-tested income support — such as the Age Pension or JobSeeker — are exempt from the floor in any year they receive a payment. For them, the familiar strategies still work: realising in a low-income year, making deductible super contributions and applying tax losses can each reduce the tax on a gain, exactly as they do today.

Two things to keep in perspective

First, the 30% applies to the net gain, not the headline figure. Indexation lifts your cost base, and capital losses still reduce the gain before the floor applies — so the base it bites on is smaller than the raw profit.

Second, the new regime applies to assets you already own. Growth accruing up to 1 July 2027 keeps the existing 50% discount under the transitional rules, but all growth from 1 July 2027 onwards — even on long-held assets — is caught.

The real levers now are indexation, capital losses and the timing of a sale relative to 1 July 2027 — not the income-shifting strategies that used to work.

If you are holding assets with significant unrealised gains, now is the time to review your position. The planning window matters — speak to us well before you decide to sell.