INVESTOR BRIEFING

The 2026 tax reforms and your investments

The budget's capital gains overhaul reaches far beyond housing, into shares, ETFs and crypto. Here is what changes, worked through in dollars, who pays more and who pays less, how investors are reacting, and what it could mean at the ballot box.

Source: **2026–27 Federal Budget, ATO**   Proposed, from 1 July 2027   **MarvelX Research**

READ THIS FIRST

These changes were announced in the May 2026 budget and are not yet law, so the detail can shift in legislation. The dollar examples below are deliberately simplified to show direction and scale, and they leave out finer points like the Medicare levy and the exact inflation factor, which is not yet settled. This is general information, not financial or tax advice. Run your own situation past a registered tax agent or adviser before acting.

THE SHORT VERSION

A shift from a flat discount to taxing real gains

For nearly 25 years, investors who held an asset more than a year paid tax on only half the gain. The budget proposes to scrap that flat discount and instead tax the real, inflation-adjusted gain, with a floor of 30 per cent. The negative gearing change is about property, but the capital gains change touches almost everything you own outside super.

- **Capital gains tax.** From 1 July 2027 the 50 per cent discount for individuals, trusts and partnerships is replaced by cost-base indexation plus a minimum 30 per cent tax rate on the gain. This applies to all capital gains assets held over 12 months, including shares, ETFs, managed funds, business assets and cryptocurrency.
- **Negative gearing.** Limited to new builds from 1 July 2027. Properties already owned at 7:30pm on budget night (12 May 2026) are untouched. On established properties bought after that, rental losses can no longer be offset against your salary.
- **Timing protects existing gains.** The CGT rules only bite on gains that accrue after 1 July 2027. Gains built up before then keep the 50 per cent discount, and assets sold before that date are taxed entirely under today's rules.
- **Super is exempt.** Assets inside superannuation are not affected and keep the existing one-third discount.

HOW THE SUM CHANGES

Same gain, different maths

The mechanics matter, because they decide who wins and who loses. Here is the same capital gain run through both systems.

NOW: THE 50% DISCOUNT

Take your nominal gain (sale price minus what you paid), halve it if you held the asset over 12 months, then add that half to your income and tax it at your marginal rate.

FROM 2027: INDEXATION + 30% FLOOR

Lift your cost base for inflation so only the real gain is taxed, then tax that real gain at your marginal rate, but never below an effective 30 per cent.

Two forces pull in opposite directions. Indexation is kinder to gains that are mostly inflation over a long hold. Losing the half-price discount, and the new 30 per cent floor, push the other way and hit fast gains and lower-income investors hardest.

WORKED EXAMPLES

What it looks like in dollars

Each example compares the tax on the same gain under today's rules and the proposed rules. Figures are illustrative and rounded.

1 · Share or ETF investor, middle income

Sells a long-held parcel for a $50,000 gain. Marginal rate 32%. Inflation over the hold lifts the indexed cost base, leaving a real gain of about $35,000.

NOW (50% DISCOUNT)	FROM 2027
$8,000	**$11,200**

Tax rises by about **40%**. Indexation softens it a little, but losing the half-price discount dominates.

2 · Crypto investor, fast gain

Buys $10,000 of crypto, sells 18 months later for $40,000, a $30,000 gain. Marginal rate 47%. Short hold and low inflation mean indexation barely helps.

NOW (50% DISCOUNT)	FROM 2027
$7,050	**$14,000**

Tax roughly **doubles**. Fast, large gains were the biggest winners from the old discount, so they have the most to lose.

3 · Retiree on a low income

Sells shares for a real gain of $20,000 in a year when other income is low, so their marginal rate would be around 16%.

NOW (50% DISCOUNT)	FROM 2027
$1,600	**$6,000**

The 30% floor bites hardest here. Timing a sale into a low-income year no longer brings the rate down, so tax can **multiply several times over**.

4 · Long-held shares, mostly inflation

Bought 20 years ago for $50,000, now worth $120,000, a $70,000 nominal gain. But indexing the cost base for two decades of inflation leaves a real gain of about $25,000. Marginal rate 32%.

NOW (50% DISCOUNT)	FROM 2027
$11,200	**$8,000**

Here the investor pays **less**. When most of the "gain" is just inflation, taxing only the real gain is more generous than halving the nominal one.

5 · Property investor and negative gearing

A buyer on a 37% marginal rate takes on a rental that runs at a $15,000 annual loss. What happens to that loss depends entirely on what and when they buy.

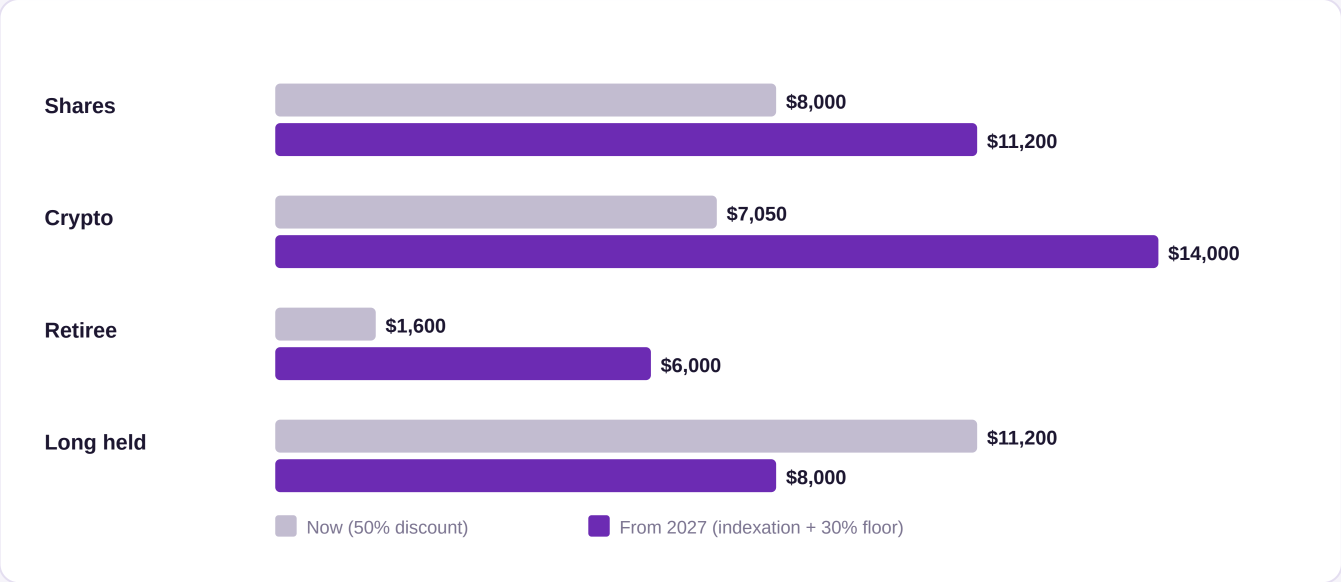
EXISTING PROPERTY (PRE BUDGET NIGHT) OR A NEW BUILD	ESTABLISHED PROPERTY BOUGHT AFTER BUDGET NIGHT
~$5,550 / yr saved	**$0** immediate

On a grandfathered or newly built property, the loss still offsets salary, saving about $5,550 a year. On an established property bought after budget night, the loss is quarantined against property income only, so there is no immediate salary offset. The policy deliberately steers money toward new construction.

THE PICTURE

Who pays more, who pays less

TAX ON THE SAME GAIN: NOW VS FROM 2027



Three of the four pay more, often a lot more. The exception is the long-held asset where inflation did most of the work. Crypto and lower-income investors are the clearest losers; patient, low-real-growth holders can come out ahead.

WORSE OFF

- Fast, high-growth gains, especially crypto and shorter holds.
- Lower-income investors and retirees, caught by the 30% floor.
- Anyone who relied on timing sales into a low-income year.
- Buyers of established rental property after budget night.

BETTER OFF OR UNAFFECTED

- Very long-held assets where most of the gain is inflation.
- Investors holding through superannuation, which is exempt.
- Existing property investors, grandfathered on negative gearing.
- Investors in new builds, who keep both options.

HOW INVESTORS ARE REACTING

Uncertainty now, and sentiment split by who you are

Because the changes are announced but not yet law, the dominant mood has been uncertainty rather than panic, summed up in the one question advisers say they keep hearing: should I sell before the window closes? Beyond that, sentiment divides sharply by the kind of investor you are.

Investors in established property are the most negative, caught between two impulses: hold, because grandfathering rewards keeping what you already own, or sell before July 2027 to beat the change. Advisers expect money to drift toward new builds and commercial property, which are spared, and buyer sentiment has cooled. Share and crypto investors with high-growth holdings are weighing an early sale to lock in the old discount, and crypto holders feel it most because fast gains get little help from inflation indexing. The common adviser refrain is that this is a window to plan, not panic.

Not everyone is sour. Long-term, low-growth and pensioner investors are reassured by the transitional protection, super and SMSF holdings are unaffected and now look relatively attractive, new-build investors keep their perks, and the younger renters and first-home buyers the policy was pitched to are broadly supportive. Among industry bodies the tone runs cautionary to hostile, with property and accounting groups warning about rental supply and business confidence, and the startup community notably critical.

Sentiment by investor segment

Established-property investors	NEGATIVE
High-growth share & crypto holders	NEGATIVE
Long-term & pensioner holders	MIXED
New-build & commercial investors	FAVOURED
Super & SMSF investors	UNAFFECTED
Younger renters & first-home buyers	SUPPORTIVE

CONCLUSION

A more neutral system that asks more of most investors

Stripped to its essence, the reform swaps a simple, generous discount for a more principled but less forgiving system that taxes only real gains while setting a 30 per cent floor. For the typical investor in growth assets held outside super, it means a larger tax bill, and the two groups that feel it most are people making fast gains, crypto being the obvious case, and lower-income investors who lose the benefit of their low marginal rate. A smaller group, those holding genuinely long-term assets where inflation did most of the lifting, can actually do better.

The practical consequences are predictable. Expect a rush to realise gains before 1 July 2027 to lock in the old discount, renewed interest in superannuation as the last sheltered home for the discount, and property money tilting toward new builds, which is exactly the behaviour the design is meant to encourage. None of this is settled until the legislation passes, so the prudent stance is to understand the direction now and get tailored advice before making moves.

THE REASONING

Why a government would do this

The government's case rests on four pillars. The first is revenue: the capital gains discount and negative gearing are among the largest tax concessions in the system, and trimming them raises substantial money without lifting headline tax rates. The second is fairness, the argument the Treasurer leaned on most, that the system has been more generous to income from assets than to income from work, and that the discount flows disproportionately to higher-income and higher-wealth Australians. The third is housing: by preserving negative gearing and the discount only for new builds, the policy tries to channel investment into new supply and home ownership rather than bidding up existing homes. The fourth is principle, that taxing real rather than inflationary gains, a return to the pre-1999 approach, is a cleaner basis for the tax and discourages purely tax-driven speculation.

There is also a political design at work. By grandfathering existing investments and applying the changes only to future gains, the government blunts the kind of scare campaign that helped sink an earlier attempt at these reforms, letting it argue that no one is taxed retrospectively.

Critics make the opposing case, and a fair report should record it. They warn that taxing gains more heavily can dampen investment and entrepreneurship, that squeezing property investors risks reducing rental supply or pushing up rents, that indexation reintroduces real complexity for ordinary taxpayers, and that the 30 per cent floor can unfairly penalise low-income earners and retirees who were never the intended target. Whether the fairness and housing gains outweigh those costs is the genuine debate, and it is one the legislation will test.

THE POLITICS

What it could mean for Labor's vote

For a research firm the sharper question is electoral, not just financial. The reform is a deliberate bet on the numbers. There are far more renters and aspiring first-home buyers than there are property investors, and the government has aimed the package squarely at younger voters and at the argument that the system has favoured income from assets over income from work. If that lands, it could shore Labor up with under-35s and take some of the heat out of the cost-of-living and housing grievances that have been pulling voters away from the major parties.

The risk runs the other way. The change touches roughly two million property investors, plus retirees and self-funded investors exposed to the 30 per cent floor, and the small-business and startup community has been vocal against it. Two things sharpen the danger. The first is trust: the government had ruled out touching these settings before the 2025 election, so the broken-promise line is there for opponents to use. The second is the ghost of 2019, when a similar agenda met a powerful scare campaign and lost. The hedge is the grandfathering and the prospective-only design, which let the government argue that no one is taxed retrospectively and no one is forced to sell, defusing the sharpest attacks.

The backdrop matters most of all. This lands while One Nation has surged and the major-party primary vote has collapsed, so any policy that unsettles ordinary investors or reads as a broken promise risks feeding the anti-incumbent, anti-major-party mood already lifting the minor parties. Yet the very same policy, framed as Labor finally acting on housing and fairness, speaks directly to the grievances that mood is built on. Which effect wins out is genuinely uncertain, and it is exactly the kind of question a well-designed local survey is built to answer.

COULD HELP LABOR

- Speaks to renters and first-home buyers, who outnumber investors.
- Reinforces a fairness message on housing and cost of living.
- Shores up younger and progressive voters tempted by the Greens.
- Lets Labor claim it is finally acting on the housing crisis.

COULD HURT LABOR

- Alienates around two million property investors and many retirees.
- Opens a broken-promise and trust attack after the 2025 pledge.
- Revives memories of the 2019 negative-gearing scare campaign.
- Feeds the anti-incumbent mood lifting One Nation and minor parties.

Sources and disclaimer

Based on the 2026–27 Federal Budget (Budget Paper No. 2 and the Treasury and Prime Minister's office summaries), Australian Taxation Office guidance on the reform of negative gearing and capital gains tax, and budget analyses by Perpetual, NAB, Stockspot, Money magazine and Commonwealth Bank. Investor sentiment and political reaction draw on reporting and commentary from SBS News, the Property Council via Mortgage Professional Australia, CPA Australia, Commonwealth Bank's housing outlook, Stocks Down Under, crypto.news and The Conversation. The measures are proposed and not yet law; final operation depends on legislation passed by Parliament. Dollar figures are simplified illustrations of direction and scale, not precise calculations, and exclude finer points such as the Medicare levy and the final inflation-indexation method. This document is general information only and is not financial, investment or tax advice. Seek advice from a registered tax agent or licensed adviser before acting.