CAPITAL GAINS TAX REFORM

The 1 July 2027 CGT reset

Australia's capital gains tax rules change on 1 July 2027. For anyone holding property, shares or business assets on that day, the asset's market value at that moment becomes a figure that may shape the tax on a sale decades later.

This briefing sets out what is changing, why that figure matters, and — just as importantly — when you should and should not be acting on it.

1 Jul 2027	30%	2027–28
New rules take effect	Minimum tax on affected gains	First income year that can be affected

What changes

01 **The 50% CGT discount is replaced**

Cost base indexation replaces it for resident individuals, trusts and partnerships, so tax applies to the real gain above inflation.

02 **A minimum 30% tax applies**

This applies to individuals on certain net capital gains accruing from 1 July 2027, limiting the benefit of realising a gain in a low-income year.

03 **Pre-CGT assets come into the net**

Assets acquired before 20 September 1985 become subject to CGT on gains accruing from 1 July 2027. Gains accrued before then remain exempt.

One asset, two ownership periods

An asset held across the transition is treated as sold immediately before 1 July 2027 and reacquired on that day. The gain is then worked out in two parts.



> **No tax falls due at the reset**
>
> Any gain or loss arising from the deemed disposal is deferred, and is reported only when you dispose of the asset or another CGT event occurs.

One figure, doing two jobs

It closes the first period

The figure is the capital proceeds for the deemed disposal. It fixes the gain assessed under the current rules.

It opens the second

It then becomes the first element of the cost base, fixing the gain assessed under the new rules.

Because the one figure sits on both sides of the line, it is not a number to approximate — and it may need to stand up to scrutiny long after the market that produced it has gone.

Two ways to arrive at it

- **A market valuation** as at immediately before 1 July 2027, supported by evidence of the asset and the market at that date.
- **The apportionment method**, a formula-based alternative. The Government is still developing it, and the ATO will issue guidance once it is enacted. Until then, neither route should be assumed to give the better result.

Please don’t commission a valuation yet

The ATO’s guidance is explicit. You are not required to have a valuation in place on 1 July 2027, and you should not obtain one before that date, because a valuation cannot be forward-looking.

You will not need the figure for your 2026–27 return. For most people it is first required in the 2027–28 return, lodged on or after 1 July 2028.

What is worth doing now is preserving the evidence. See page 5.

How the split works

A simplified illustration showing where the 1 July 2027 figure sits in the arithmetic.

THE FACTS

Commercial property acquired, July 2006	**$1,200,000**
Market value immediately before 1 July 2027	**$3,000,000**
Sold, 2035	**$4,200,000**

FIRST PERIOD

$1,800,000

Growth to 1 July 2027, assessed under the current rules. The 50% discount may apply to this part.

SECOND PERIOD

$1,200,000

Growth from 1 July 2027, shown before indexation, assessed under the new rules and the 30% minimum.

Illustrative only. The figures ignore incidental acquisition and disposal costs, capital improvements, the indexation uplift to the cost base, and any concessions that may be available. Your own position will differ.

What stays the same

Main residence exemption

Unchanged. A home that has been your main residence throughout remains exempt.

Small business concessions

The four small business CGT concessions in Division 152 are unchanged.

Affordable housing discount

The 60% CGT discount for qualifying affordable housing is retained in full.

New residential dwellings

Investors may choose to keep the current arrangements, including the 50% discount.

What to do, and when

Now, before 30 June 2027

Identify which assets and entities are affected, including pre-CGT assets.

Review structure and timing with your accountant.

Start preserving evidence of each asset's condition and tenure.

From 1 July 2027

Instruct valuations as at immediately before 1 July 2027.

Compare the apportionment method once it is enacted.

Record the basis and evidence behind the figure adopted.

When you eventually sell

The two periods are worked out separately, each under its own rules.

Your 1 July 2027 figure and its supporting evidence are produced.

Records worth keeping now

A valuer can work retrospectively. Nobody can recreate records that were never kept.

- Leases and tenancy schedules
- Rent reviews and incentives
- Capital expenditure records
- Planning approvals and plans
- Condition and photo records
- Cost base records

Let's get your records in order

We can help you identify the assets affected and assemble the evidence now, then prepare valuations once the date has passed.

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This brochure provides general information only, current as at November 2026. It does not constitute taxation, legal, valuation or financial advice. The legislative framework continues to develop, including the apportionment method, which was not enacted at the date of writing.