



TriSuper Auditors

WEBINAR

Thursday 28 May 2026

1pm

PRESENTED BY

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The Impact of the Budget & Div 296 Unpacked



The elephant in the room — we're talking about it.

About TriSuper Auditors

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Specialists in SMSF auditing for small accounting firms across NSW and Australia-wide.

MEET JOEL CURRY

Joel Curry

Director & ASIC Registered SMSF Auditor

Auditing SMSFs since 2002 · ATO & AAT Tribunal experience · Adviser to the Federal Court

SMSF Adviser Editor's Choice Award winner · ATO Professional to Professional access

20,000+

SMSFs personally audited

Top 2%

of all SMSF auditors nationwide (ATO)

24 years

SMSF auditing experience

WHAT WE DO

SMSF Auditing

Fast, thorough financial and compliance audits — all handled by Australian-based professionals.

Technical Advice

Sought-after adviser to SMSF auditors, accountants and the Federal Court on complex SMSF matters.

Breach Resolution

Identify and resolve breaches before they are reported to the ATO — protecting your clients and your practice.

BUDGET 2026

Quiet on super?

— *everyone, apparently*

Think again.

But first...

**Before we look
to the future —**

**let's focus
on the now.**

*30 June 2026 is closer
than you think.*

EOFY 2026

Before the clock strikes midnight.

4

weeks

Jobs to do
before 30 June 2026

Payday Super

Effective 1 July 2026

What changes?

Employers must pay SG contributions at the same time (or within the same pay cycle) as wages — not quarterly as currently required.

Impact for SMSFs

SMSF members who are employees will receive employer SG contributions far more frequently — improving cashflow visibility and reducing the risk of missed contributions.

HOW IT CHANGES

CURRENT RULES

Quarterly

SG due within 28 days
after each quarter end

Mar / Jun / Sep / Dec quarters



FROM 1 JULY 2026

Each Pay Run

SG due within 7 business days
of each pay day

Weekly / fortnightly / monthly

KEY DETAILS

Start Date

Applies to wages paid on or after 1 July 2026. Employers have a 7-day window from the date of payment to make the SG contribution.

SG Rate

Rate remains at 12%. Payday super changes the timing only — the contribution calculation method and rate are unchanged.

Penalties

A new SG Charge applies for late payment, calculated daily. The ATO gains real-time visibility of contributions via Single Touch Payroll data.

One-Person Companies

No size exemptions. If a sole director pays themselves a salary or director's fees, Payday Super applies. If they only take dividends, trust distributions or loans — no SG obligation arises.

WHAT TO DO NOW

- Review payroll systems & confirm STP reporting is current
- Check SMSF bank details are up to date with employer
- Discuss cashflow timing with employer payroll teams

Concessional Contributions

Limits & Key Rules

What's included?

- Employer SG contributions
- Salary sacrifice
- Personal deductible contributions

* Contributions taxed at 15% within the fund

FY 2025–26

\$30,000

General concessional cap

Carry-forward: Available if TSB < \$500k

FY 2026–27 **NEW**

\$32,500

General concessional cap

Carry-forward: Available if TSB < \$500k

KEY RULES

15%

Tax Rate

Concessional contributions taxed at 15% in the fund (30% for income > Division 293 threshold)

67+

Work Test

Ages 67–74 must meet the work test (40 hrs in 30 consecutive days) to claim a personal deduction. Potential one year exemption TSB < 300,000.

↑

Carry-Forward

Unused caps from prior 5 years can be carried forward if Total Super Balance < \$500,000

CC Reserving Strategy

Using FY26 to access FY27 cap early

What is it?

A contribution is made in FY26 and allocated to a reserve. It is then allocated to the member's account in FY27 — counting against the higher FY27 cap of \$32,500.

Key Benefit

Effectively contribute up to \$62,500 across the two years while only using one year's cash flow — ideal for high-income earners.

HOW IT WORKS

Step 1

FY 2025–26

\$30,000

Normal CC cap contribution

Contribute up to \$30,000 as a concessional contribution — counted against the FY26 cap as usual.

Step 2

FY 2025–26

+ Reserve

Reserving contribution

Make an additional contribution in June 26 of up to \$32,500 into a reserve account within the fund. This does NOT count against FY26's cap as it is unallocated.

Step 3

FY 2026–27

\$32,500

Allocated to member in FY27

The reserved amount is allocated to the member's account by 28 days after month end. It counts against FY27's \$32,500 cap — at the new higher limit.

Total across both years: **\$62,500 in concessional contributions** | Deduction claimed in FY26 for both contributions*

** Subject to notice of intent to claim deduction and work test requirements where applicable | Obtain specific tax advice before implementing*

Division 293 Tax

High-income earner super surcharge

How it works

An extra 15% tax applies to concessional contributions where income + CCs exceed \$250,000. This brings the effective tax on those contributions to 30% — still concessional vs the 45% top marginal rate.

Payment options

Pay personally — preserves super balance
Release from fund — elect via myGov; ATO releases from SMSF. Must action within 60 days of notice.

HOW DIVISION 293 IS CALCULATED

Tax = 15% × lesser of: (1) Amount by which income + CCs exceeds \$250,000 or (2) Total concessional contributions

WORKED EXAMPLE — FY 2025–26

	Example A — Just over threshold	Example B — Well over threshold
Div 293 income	\$240,000	\$310,000
Concessional contributions	\$30,000	\$30,000
Income + CCs total	\$270,000	\$340,000
Excess over \$250,000	\$20,000	\$90,000
Taxable amount (lesser of excess or CCs)	\$20,000	\$30,000 (CCs are lower)
Division 293 tax @ 15%	\$3,000	\$4,500

RESERVING STRATEGIES & DIVISION 293 — WHAT YOU NEED TO KNOW

Div 293 assessed in year contribution is MADE

A reserved contribution is assessed for Div 293 in the financial year it is physically received by the fund — not the year it is allocated to the member's account. Reserving cannot defer Div 293 to the next year.

Where reserving CAN help

If income fluctuates between years, reserving the FY27 cap contribution in FY26 is assessed against FY26 income. This is useful where FY26 income is below \$250k but FY27 income is expected to exceed the threshold.

Div 293 income includes

Taxable income + reportable fringe benefits + reportable employer super + net investment losses + total CCs. One-off events (CGT, bonus, ETP) can push income over \$250k unexpectedly.

Non-Concessional Contributions

Planning ahead of 30 June

What are NCCs?

After-tax contributions — no tax deduction claimed. The fund pays no tax on receipt. Ideal for members wanting to boost their super balance tax-effectively.

⚠️ Key Deadline

Funds must be cleared into the SMSF bank account by 30 June — not just initiated. Allow 2–3 business days. Initiate by 26 June at the latest.

FY 2025–26

\$120,000

Annual NCC cap

3-yr bring-forward: **\$360,000**

if TSB < \$1.66m at 30 June 2025

FY 2026–27 **↑ NEW**

\$130,000

Annual NCC cap (+\$10,000)

3-yr bring-forward: **\$390,000**

if TSB < \$1.68m at 30 June 2026

TSB THRESHOLDS — FY 2025–26 (based on 30 June 2025 balance)

TSB at 30 June 2025	Annual NCC	Max Bring-Forward	Bring-Forward Period
Less than \$1.76m	\$120,000	\$360,000	3 years
\$1.76m – \$1.88m	\$120,000	\$240,000	2 years
\$1.88m – \$2m	\$120,000	\$120,000	1 year only
\$2m or more	Nil	Nil	Not eligible

KEY TIPS FOR 30 JUNE

Timing

Initiate EFT by 26 June — funds must clear by 30 June

Check TSB

Confirm 30 June 2025 TSB balance before contributing

Prior bring-forward

If triggered in FY24 or FY25, remaining balance applies — new cap doesn't reset it

Pension Drawdown Rates

FY 2025–26

Key principle

The minimum is calculated on the pension balance at 1 July each year (or at commencement if mid-year, pro-rated). Age is measured at 1 July.

⚠ Miss the minimum?

The pension is taken to have ceased for income tax purposes from 1 July. Earnings lose exempt current pension income (ECPI) status — taxed at 15%.

ACCOUNT-BASED PENSION — MINIMUM DRAWDOWN RATES

Age at 1 July	Min %	Example: \$500k balance	Example: \$1m balance	Max (ABP)
Under 65	4%	\$20,000	\$40,000	No limit
65 – 74	5%	\$25,000	\$50,000	No limit
75 – 79	6%	\$30,000	\$60,000	No limit
80 – 84	7%	\$35,000	\$70,000	No limit
85 – 89	9%	\$45,000	\$90,000	No limit
90 – 94	11%	\$55,000	\$110,000	No limit
95 or more	14%	\$70,000	\$140,000	No limit

KEY REMINDERS FOR 30 JUNE

Pro-rata

Pension started after 1 July? Min payment is pro-rated by days remaining. Started on/after 1 June — nil required.

Lump sums

Partial commutations (lump sums) do NOT count toward the minimum pension payment obligation.

Payment timing

At least one payment must be made each FY. Many trustees pay monthly — confirm all payments processed by 30 June.

Transfer Balance Cap

FY26 → FY27 changes

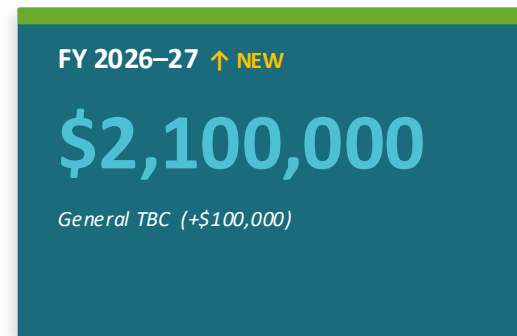
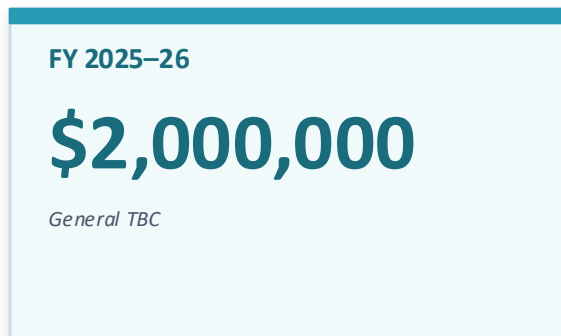
What is the TBC?

The maximum amount of superannuation that can be transferred into the tax-free retirement phase. Each person has their own personal TBC, indexed in proportion to unused cap space.

Strategy tip

Members starting their first pension before 1 July 2026 lock in a \$2.0m TBC. Starting on or after 1 July 2026 gives a \$2.1m TBC — potentially an extra \$100k in retirement phase.

GENERAL TRANSFER BALANCE CAP



PERSONAL TBC INDEXATION — HOW IT WORKS FROM 1 JULY 2026

Situation	Personal TBC from 1 July 2026	Indexation received?
First pension starts on/after 1 July 2026	\$2,100,000	Full \$100k
Has pension; never reached personal TBC	Proportional increase (based on unused cap %)	Partial
Has pension; TBC fully used (highest ever = cap)	No change — personal TBC stays at previous level	Nil
Commutated pension; TBA balance < personal TBC	Proportional increase applies to unused cap space	Partial

FLOW-ON IMPACTS OF THE \$2.1M TBC

NCC eligibility

TSB thresholds shift — members previously over the NCC threshold may regain access from 1 July 2026

Bring-forward

Full 3-yr bring-forward available if TSB < \$1.84m (TBC less 2x NCC cap of \$130k each)

Pension top-ups

Members with unused cap space may be eligible to top-up retirement phase — check personal TBC via myGov

One more thing...

*If you have time before
30 June...*

**Get your clients
thinking about
their
SMSF asset
valuations.**

It will be important.

As we're about to discover...



Time's up.

Welcome to FY 2026–27.

1 July 2026

Now the real work begins.



The elephant in the room.

It's time to talk about Division 296.

Division 296

Now law.

Applies from 1 July 2026.

First assessment: after 30 June 2027.

Royal Assent: 13 March 2026

What is Division 296?

In plain English

Why does it exist?

The Government argues that people with very large super balances receive disproportionate tax concessions. Div 296 reduces those concessions by adding an extra layer of tax on earnings above \$3m.

Key point

Div 296 is a separate tax on the individual — NOT a fund tax. The fund's existing 15% tax on income is unchanged.

THE ONE-LINE EXPLANATION

If your total super balance exceeds \$3 million, you pay an extra 15% tax on the proportion of your super earnings attributable to the balance above \$3 million.

WHO IS AFFECTED

Affected

- SMSF members with TSB > \$3m
- Industry / retail fund members > \$3m
- Public sector defined benefit members
- Anyone with a TSB > \$10m (higher rate)
- Members in pension phase — Div 296 still applies

Not affected

- Members with TSB < \$3m at year end (2027 only)
- Complying funds themselves
- Anyone whose balance stays below thresholds at testing dates

TSB testing — two rules to know:

FY 2027 (transitional): only closing TSB at 30 June 2027 is tested.

FY 2028 onwards: the HIGHER of opening (1 July) or closing (30 June) TSB is used — so withdrawals during the year won't help if you started above \$3m.

How is it calculated?

The formula — step by step

Three inputs

1. TSB — your total super balance across all funds (see testing rules below)
2. Div 296 earnings — your share of fund income (realised only)
3. The proportion — how much of your TSB exceeds \$3m

TSB threshold testing

FY 2027: closing TSB at 30 June 2027 only.

FY 2028+: HIGHER of opening or closing TSB. Withdrawals during the year won't help if you started above \$3m.

THE FORMULA — BROKEN DOWN

$$\text{Div 296 Tax} = 15\% \times (\text{TSB} - \$3\text{m}) \div \text{TSB} \times \text{Div 296 Earnings}$$

15%

The rate

The additional tax rate. The fund still pays its normal 15% on the same income — so combined effective rate on the excess portion is 30%.

(TSB – \$3m) ÷ TSB

The proportion

The fraction of earnings caught. If TSB = \$4m, proportion = \$1m ÷ \$4m = 25%. FY2027: TSB = closing balance. FY2028+: TSB = higher of opening or closing.

Div 296 Earnings

The base

Your attributed share of fund income — dividends, interest, rent and realised capital gains. Negative earnings carry forward (no refund).

STEP-BY-STEP — SARAH HAS A \$4M SMSF BALANCE

Step 1

Calculate the proportion over \$3m

$$(\$4\text{m} - \$3\text{m}) \div \$4\text{m} = 25\%$$

Step 2

Identify Div 296 earnings (her share of fund income)

\$200,000 realised (dividends + rental income)

Step 3

Apply the formula

$$15\% \times 25\% \times \$200,000 = \$7,500$$

What counts as earnings?

Div 296 earnings explained

Starting point

Div 296 earnings start with the SMSF's taxable income and then several adjustments are made — both additions and deductions — to arrive at the member's attributed earnings.

Negative earnings

If Div 296 earnings are negative in a year, there is NO refund. The negative amount is carried forward and offsets future positive earnings. No refund — ever.

DIV 296 EARNINGS — WHAT'S IN AND WHAT'S OUT

✓ INCLUDED in earnings

- ✓ Dividends and franked distributions
- ✓ Interest income
- ✓ Rental income from property
- ✓ Realised capital gains (post 30/6/26 if reset elected)
- ✓ Business income attributed to member
- ✓ Foreign income

X EXCLUDED from earnings

- X Unrealised capital gains (key change from original proposal)
- X Assessable contributions
- X Non-arm's length income (NALI) — already taxed at 45%
- X Insurance proceeds
- X Exempt current pension income (ECPI) — added back
- X Amounts already excluded under other provisions

Multi-member SMSF: Each member's earnings are attributed proportionally. Multi-member funds with in-scope members will typically need an actuary to certify the proportions.

The two thresholds

\$3m and \$10m — and indexation

Indexation

Both thresholds are indexed to inflation. The \$3m threshold increases in \$150,000 increments. The \$10m threshold increases in \$500,000 increments. This prevents bracket creep.

Still need to plan

Just because thresholds are indexed doesn't mean you're safe. Superannuation balances tend to grow faster than CPI — especially with investment returns compounding. Model future balances now.

TWO-TIER ADDITIONAL TAX STRUCTURE

Below \$3m

No Div 296 tax

0%

Normal fund tax only (15%)

\$3m – \$10m

Tier 1 — additional tax

+15%

Total effective rate on excess: 30% (fund 15% + Div 296 15%)

Above \$10m

Tier 2 — further additional tax on the portion above \$10m only

+10%

15% on the \$3m–\$10m portion + 10% on the above \$10m portion = 25% additional total

Worked examples

Two scenarios — FY 2026–27

The formula

$$15\% \times (\text{TSB} - \$3\text{m}) \div \text{TSB} \times \text{Earnings}$$

Remember

The first assessment covers 1 July 2026 to 30 June 2027. The ATO will issue the assessment after 30 June 2027. Payment can be made personally or released from super (like Div 293).

SCENARIO A — SARAH: \$4M TSB, TIER 1 ONLY (FY 2026–27 — transitional year: closing TSB only)

TSB at 30 June 2027	\$4,000,000	Proportion over \$3m	$(\$4\text{m} - \$3\text{m}) \div \$4\text{m} = 25\%$
Div 296 earnings (her share)	\$200,000	Div 296 Tax	$15\% \times 25\% \times \$200,000 =$ \$7,500

Sarah pays \$7,500 in Div 296 tax — on top of the fund's existing 15% on that same income.

SCENARIO B — MARCUS: \$12M TSB, BOTH TIERS (FY 2027–28+: higher of opening or closing TSB used)

TSB at 30 June 2027	\$12,000,000	Tier 1 proportion (\$3m–\$10m)	$(\$12\text{m} - \$3\text{m}) \div \$12\text{m} = 75\%$
Div 296 earnings (his share)	\$600,000	Tier 2 proportion (above \$10m)	$(\$12\text{m} - \$10\text{m}) \div \$12\text{m} =$ 16.7%
Tier 1 tax: $15\% \times 75\% \times \600k	\$67,500	Tier 2 tax: $10\% \times 16.7\% \times \600k	\$10,000
Total Div 296 Tax	\$77,500		

How is it paid?

Assessment & payment process

Like Div 293

The payment mechanism mirrors Division 293 tax. The ATO issues an assessment to the individual. The individual can elect to release the amount from their super fund rather than paying personally.

Estate planning risk

Div 296 assessments can follow estate wind-up and arrive after distributions have been made. Executors must consider whether a deceased member had a potential Div 296 liability before distributing.

THE ASSESSMENT & PAYMENT PROCESS

1

SMSF lodges annual return

SMSFs will report member TSB values in the 2026–27 annual return as usual. However, how the fund will report each member's Div 296 attributed earnings is still being determined by the ATO — the reporting requirements have not yet been finalised. An actuary calculation will be required.

2

ATO calculates and issues assessment

ATO issues a Div 296 tax assessment directly to the individual member. This is separate from the fund's tax assessment. Payable by the estate in the case of a deceased member.

3

Individual decides how to pay

Member can pay personally from own funds, OR elect to have the amount released from super (within 60 days of assessment — like Div 293).

4

SMSF releases amount (if elected)

If release is elected, SMSF pays the ATO directly.

Div 296 & Death

What happens on and after death

Key principle

In **FY2027**, death IS a complete exemption.

From FY2028, death does not automatically exempt — the liability becomes a debt of the estate. TSB is set to nil on death, so no new Div 296 accrues after death.

⚠ Estate planning trap

Div 296 assessments may arrive **AFTER** super benefits have been paid to beneficiaries.

Executor must check for potential Div 296 liability before distributing. Super and estate beneficiaries may be different people.

HOW DIV 296 APPLIES — DEATH SCENARIOS

Death in FY 2027 (transitional year)

Complete exemption

Transitional rule (s 296-1(3)): if a member dies on or before 30 June 2027, they are **NOT** liable to Div 296 tax for that year — regardless of their TSB.

Mechanism

In FY2027, only the closing TSB is tested. Death sets the closing TSB to nil. No Div 296 arises.

Planning window

Members wanting to escape Div 296 permanently can reduce their TSB below \$3m before 30 June 2027 — the last year closing balance alone is tested.

Year of death (FY 2028 onwards)

Opening TSB determines rate

In FY2028+, the higher of opening or closing TSB applies. Death sets closing TSB to nil — so the opening (1 July) balance becomes the higher value and determines the Div 296 tax rate.

Earnings — until benefits paid

Div 296 earnings are assessed from 1 July to the date all final death benefits are paid out of the fund — NOT just to the date of death. Delays in paying benefits extend the earnings period.

Personal debt of the estate

The Div 296 liability is assessed personally on the deceased and becomes a debt of the estate — not payable by the fund. Deathbed withdrawals won't help if opening TSB exceeded \$3m.

Post-death — benefits not yet paid

TSB is nil after death

Under the legislation, TSB is set to nil on death. This means **NO** new Div 296 assessments can arise in subsequent years for the deceased member after the year of death.

Draft regulation — contested

The March 2026 draft regulations proposed including post-death earnings from subsequent years back into the year-of-death calculation. The SMSF Association has objected — this may change before finalisation.

Reversionary pension risk

A reversionary pension immediately increases the surviving member's TSB at year end — potentially pushing them above \$3m for the first time. Consider converting to non-reversionary before 30 June 2027.

Div 296 CGT Cost Base Reset

The single most important planning action before finalising 30 June 2026

What it does

Resets the cost base of all CGT assets in the SMSF to market value at 30 June 2026 — for Div 296 purposes only. Pre-2026 gains are permanently excluded from future Div 296 calculations.

⚠ All-or-nothing election

Applies to ALL fund CGT assets — cannot cherry-pick. Assets with unrealised losses will have cost base locked at lower value. Model the full portfolio first.

HOW THE RESET WORKS IN PRACTICE

WITHOUT reset	
Purchase price (2015)	\$1,500,000
Value at 30 June 2026	\$3,200,000
Sold in 2029 for	\$3,800,000
Div 296 earnings (full gain)	\$2,300,000
Div 296 tax (est.)	~\$86,000+

Pre-2026 gain (\$1.7m) fully caught by Div 296

WITH reset ✓	
Purchase price (2015)	\$1,500,000
Reset cost base (30/6/26)	\$3,200,000
Sold in 2029 for	\$3,800,000
Div 296 earnings (post-2026 only)	\$600,000
Div 296 tax (est.)	~\$22,500

Pre-2026 gain permanently protected

Potential Div 296 saving on this example: **~\$63,500** — on a single asset

KEY RULES — CONFIRMED IN LEGISLATION

Who can elect

ALL SMSFs and small APRA funds — even where no member currently exceeds \$3m. If you may exceed \$3m in future, consider electing now

No fund tax effect

Original cost base still used for normal fund CGT. Two parallel cost bases — one for fund tax, one for Div 296 only

Election deadline

Made via approved form by due date of 2026–27 SMSF annual return. Miss it and the opportunity is gone forever — irrevocable

Div 296 Action Plan

What needs to happen before 30 June 2026

Still outstanding

Draft regulations closed 7 April 2026. Final regulations and the approved CGT reset election form are still awaited. ATO reporting requirements for SMSF annual return also being finalised.

Actuarial requirement

Multi-member SMSFs with in-scope members will typically need an actuary to certify proportions for Div 296 attribution under the regulations.

ACTIONS TO TAKE BEFORE 30 JUNE 2026

01

Identify exposed members

Review all client SMSFs and identify members whose TSB is above or approaching \$3m at 30 June 2026. Remember — Div 296 is assessed at individual level across ALL super interests.

02

Obtain asset valuations NOW

For direct property, unlisted shares and other non-market assets — engage valuers immediately. Valuations must be defensible at 30 June 2026. Listed securities use closing market price — no valuer needed.

03

Model the CGT reset decision

Run numbers across the full portfolio. Consider: funds with assets in a loss position, funds not yet above \$3m but likely to be, and pension phase vs accumulation split.

04

Review SMSF annual return lodgement

The CGT reset election is due by the 2026–27 SMSF annual return due date. Lodging the 2025–26 return on time preserves access to extended lodgement for 2026–27.

05

Consider withdrawal strategies

FY2027 is the LAST year the closing balance alone is tested. Members wanting to fall below \$3m must withdraw before 30 June 2027. From FY2028, starting above \$3m means Div 296 applies even if you withdraw during the year.

06

Estate planning review

Div 296 assessments can follow estate wind-up. Executors need to consider potential Div 296 liability before distributing superannuation death benefits or estate assets.



Proposed Reforms

Not yet law.

*Announced in the 2026–27 Federal Budget.
Legislation has not yet passed Parliament.*

What follows covers:

Negative Gearing Reform

Restrictions on losses from established residential property from 1 July 2027

CGT Discount Reform

50% discount replaced with indexation + 30% minimum tax from 1 July 2027

Discretionary Trust Reform

30% minimum tax on trust income from 1 July 2028 — rollover window 2027–2030

Trust Distributions

How SMSF and bucket company distributions compare under the new regime

These measures are subject to change — monitor Parliamentary progress and seek specific advice before acting.

Negative Gearing Reform

Timeline of key dates

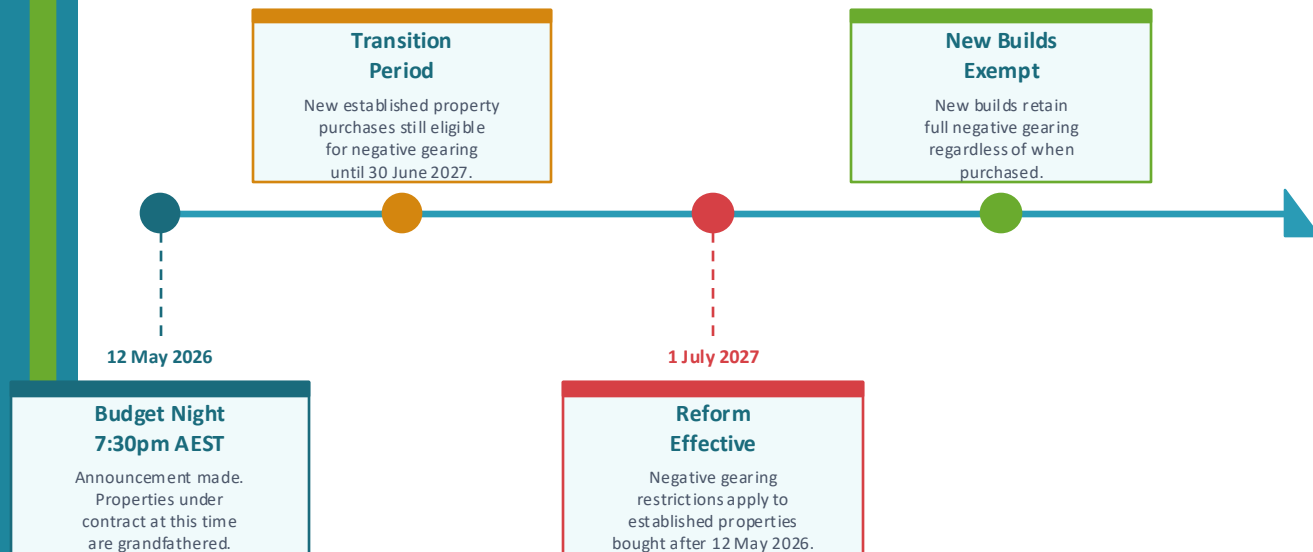
Remember

These are ANNOUNCED measures only — not yet law. Legislation must pass Parliament before the rules are enforceable. Watch for draft legislation and consultation.

✓ SMSFs throughout

SMSFs are excluded at every stage of these reforms. No date on this timeline changes how your SMSF is taxed on property or other investments.

REFORM TIMELINE



WHAT THIS MEANS IN PRACTICE

Bought before 7:30pm 12 May 2026

Fully grandfathered. Continue negative gearing against all income until sold. No change to existing tax treatment.

Bought after 7:30pm 12 May 2026

Can still negatively gear until 30 June 2027. From 1 July 2027, losses quarantined to residential property income/gains only / added to property cost base.

New build — any purchase date

Fully exempt. Negative gearing continues indefinitely against all income — no restriction at any point.

CGT Discount Reform

Timeline of key dates

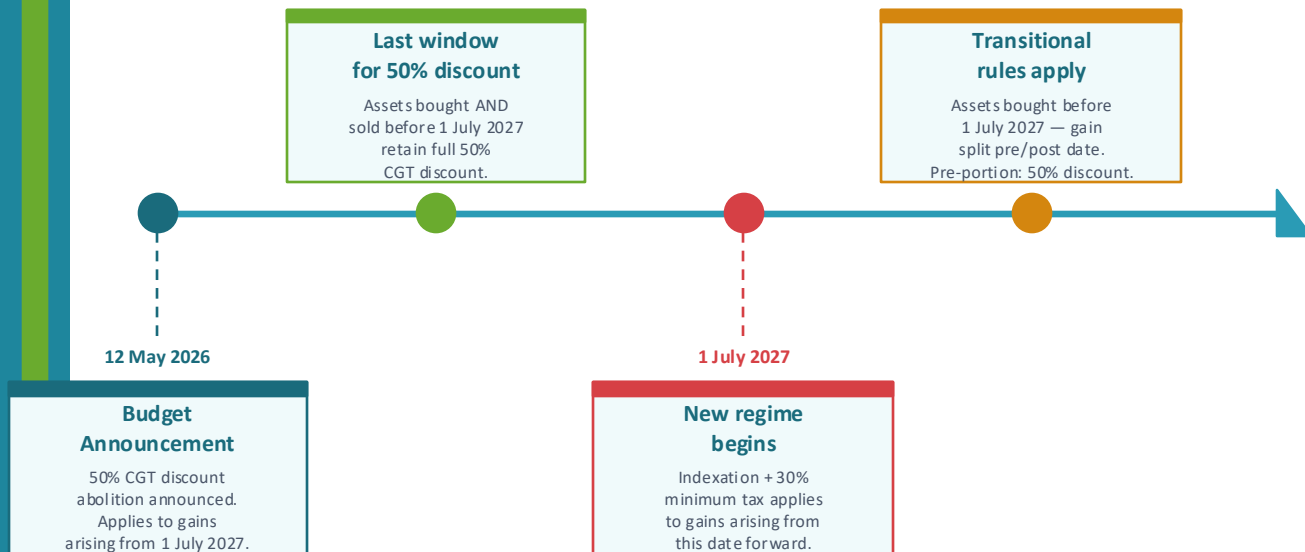
Remember

Announced measures only — not yet legislated. The most significant change to CGT in Australia since 1999. Applies to individuals, trusts and partnerships.

✓ SMSFs — not affected

The CGT discount for complying superannuation funds is NOT changed. SMSFs retain their 33% discount in accumulation and zero tax in pension phase.

REFORM TIMELINE



THE THREE SCENARIOS

Bought & sold before 1 July 2027

50% CGT discount applies in full. No change. Consider whether to realise gains before 1 July 2027 to lock in current treatment.

Bought before, sold after 1 July 2027

Gain is SPLIT: pre-1 July 2027 portion taxed under 50% discount. Post-1 July 2027 portion subject to indexation + 30% minimum tax. Valuations required? Pre 85 Assets come in?

Bought & sold after 1 July 2027

Full new regime applies. Indexation adjusts cost base for CPI. 30% minimum tax on net gain. New builds may choose 50% discount instead.

Discretionary Trust Reform

Timeline of key dates

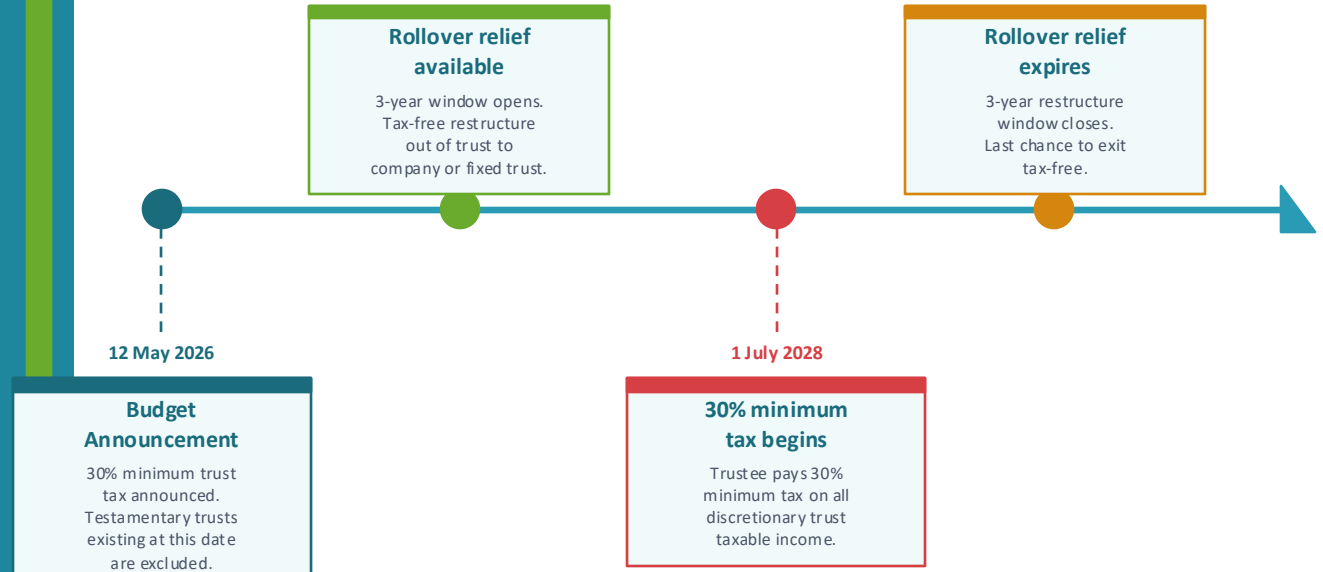
Remember

Announced measures only — not yet legislated. No grandfathering for existing trusts. Around 350,000 small businesses currently operate via discretionary trusts.

✓ SMSFs — excluded

Complying superannuation funds are explicitly excluded from the minimum trust tax. SMSF income is not affected at any stage of these reforms.

REFORM TIMELINE



KEY IMPACTS — WHO IS AFFECTED

Individual beneficiaries (< 30% marginal rate)

Non-refundable credit means trustee overpays vs marginal rate. Effective rate rises to 30%. Income splitting to low-income family members curtailed.

Bucket companies — no credit

Corporate beneficiaries receive NO credit for trustee tax. Double taxation risk — trust taxed at 30%, then company at 30% again. End of the bucket company strategy.

Excluded trusts — safe harbours

Fixed trusts, widely held trusts, complying super funds, charitable trusts, special disability trusts, deceased estates and testamentary trusts at 12 May 2026 are ALL excluded.

Trust Distributions from 2028

SMSF vs Bucket Company

The key distinction

From 1 July 2028, the trustee pays 30% minimum tax on all trust income. How that tax is then treated depends entirely on who the beneficiary is.

⚠️ NALI assumption

This slide assumes the discretionary trust distribution to the SMSF is non-arm's length income (NALI), taxed at 45%. This is the typical position for distributions from a related-party discretionary trust.

\$100 OF TRUST INCOME — WHAT HAPPENS FROM 1 JULY 2028

Distribution to SMSF	
<i>(NALI applies — taxed at 45%)</i>	
Trust income	\$100
Trustee pays 30% minimum tax	-\$30
Net flows to SMSF	\$70
<i>SMSF includes \$100 in return (NALI)</i>	
SMSF tax @ 45% NALI rate	-\$45
Non-refundable credit applied	+\$30
Additional NALI tax payable	-\$15
Net retained in SMSF	\$55

45% tax — but \$55 net retained in SMSF.

VS

Distribution to Bucket Co.	
<i>(corporate beneficiary — no credit)</i>	
Trust income	\$100
Trustee pays 30% minimum tax	-\$30
Net flows to company	\$70
<i>Company includes \$100 in return</i>	
Company tax @ 30% (no credit)	-\$30
Credit available	None
Net retained in company	\$40

Double taxation. Effective rate ~60%. End of bucket company strategy.

KEY TAKEAWAYS

SMSF — 45% tax, but \$55 net retained

NALI applies at 45%, but the \$30 trustee credit offsets part. Net \$15 additional tax. SMSF retains \$55 — more than the bucket company despite higher tax rate.

Bucket company — double taxation

No credit at trustee level. Company assessed on full \$100, taxed at 30% again. ~60% effective rate. Fundamentally undermines the bucket company strategy.

Better alternatives from 2028

Fixed trusts, unit trusts and direct company structures may produce better outcomes. Use the rollover window (2027–2030) to restructure while it's tax-free.

Audit Focus 2026

What your auditor is looking for

The ATO's message

The ATO has made clear it expects auditors to ask more of trustees — and auditors who don't are on the regulator's radar. The days of the 'tick and flick' audit are over.

⚠️ ATO crackdown

Auditors who fail to issue ACRs where required are being referred to ASIC. SMSF audit quality is a top ATO priority in 2025–26.

THE CHAIN OF ACCOUNTABILITY



What this means for you

- Expect more audit queries
- Have documents ready before the audit starts
- Unsigned financials = delayed audit
- Missing records = ACR risk
- Proactive prep protects everyone

What your auditor is focusing on

Part 1 of 2 — Financial audit focus

The ATO's position

The ATO has significantly increased scrutiny of SMSF audit quality. Documentation is the number one cause of audit delays and adverse findings. Auditors can only assess what they can verify.

ACR on the table

Where documentation is insufficient, auditors must modify the Independent Auditor's Report (IAR) and may be required to lodge an Auditor Contravention Report with the ATO.

KEY AREAS OF AUDIT FOCUS — 2026

01

Asset Valuations

Market value at 30 June

All assets — property, unlisted shares, crypto — must be valued at market value with objective, supportable evidence.

Unchanged values = ATO contact

ATO has contacted auditors where values are unchanged across multiple years with no ACR lodged. This continues in 2026.

Div 296 makes this critical

30 June 2026 valuations underpin the CGT cost base reset election. Get these right — they're irreversible.

Independent valuer required

Where the asset is significant or complex (property, unlisted assets), auditors expect a qualified independent valuation.

02

Investment Strategy

Documented & signed annually

Must be formally reviewed and signed each year — not just a standing document from fund establishment.

5 required considerations

Liquidity, diversification, risk vs return, whole of wealth, and insurance for each member must all be addressed.

Generic strategies not enough

The ATO expects evidence of genuine trustee decision-making — not a one-page boilerplate ticked annually.

Crypto & alt assets

If the fund holds cryptocurrency, direct property or LRBAs, the strategy must specifically address these.

03

Related Party & LRBAs

Arm's length in all dealings

All transactions with related parties must be on commercial arm's length terms — fees, rent, loans and services.

LRBA compliance

Loan agreements must comply with the ATO safe harbour terms. Repayments must be current and evidenced.

In-house assets ≤ 5%

Must not exceed 5% of fund assets at 30 June. Fluctuating valuations can push this over without trustees realising.

NALI exposure

Incorrect fee allocations or non-arm's length arrangements trigger NALI at 45%. Auditors are actively reviewing this.

What your auditor is focusing on

Part 2 of 2 — Compliance audit focus

The ATO's position

The ATO's compliance audit examines whether the fund has met superannuation law. Auditors assess governance, trustee conduct, pension compliance and member records — all areas requiring complete documentation.

Documentation is everything

Auditors cannot give a clean opinion on what they cannot verify. Proactive accountants minimise audit queries by providing complete, labelled records and anticipating common audit questions.

KEY AREAS OF AUDIT FOCUS — 2026

04

Pension Documentation

Pension commencement

Member application, trustee resolution and payment authority must all be on file and correctly dated for each pension.

Minimum payments evidenced

Bank statements must show minimum pension paid before 30 June. Partial commutations do NOT count toward minimum.

TBC compliance

Evidence required that pensions commencing in 2025–26 did not exceed the member's personal TBC at commencement.

Pension cessation records

Where a pension was commuted or ceased, the trustee resolution and fund entry must be documented.

05

Property Title Searches

Annual title search required

Auditors require a current title search for each property held in the fund — completed as at or near 30 June each year.

Confirm SMSF ownership

The title must be registered in the name of the trustee(s) as trustee for the fund. Incorrect ownership is a reportable breach.

No encumbrances or charges

The search must confirm no unexpected mortgages, caveats or charges have been registered against the property that the auditor is unaware of.

LRBA — lender caveat on title

Where a property is held under an LRBA, the lender's caveat should be visible on title. Auditors verify this matches the loan documentation on file.

06

Trustee Representations & Signed Financials

Signed representation letter

Required from trustees before audit sign-off. Confirms all relevant information has been provided and no undisclosed breaches exist.

Signed financial statements

Trustees must sign the financial statements before the IAR is issued. Auditors cannot finalise sign-off without this in the file.

Timing is critical

Both documents must be dated before the audit sign-off date. Backdating or signing after the IAR is issued is not acceptable.

What the rep letter covers

Trustees confirm all transactions are recorded, all assets disclosed, no unknown breaches, and financials give a true and fair view.

Key reminders from today

- 30 June 2026 is 4 weeks away — act now
- Asset valuations for Div 296 must be at 30 June 2026
- CGT cost base reset election — model before deciding
- Pension minimums must be paid before 30 June
- Signed financials & rep letters before audit sign-off

Any Questions?

Thank you

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Feedback