

## Budget 2026–27: Major tax reforms affecting crypto investors

What changes, when it starts, and what you should do now

On 12 May 2026 the Federal Government announced sweeping tax reforms in the 2026–27 Budget. Four measures will materially affect crypto investors, traders and SMSF members: CGT reform (the big one), a 30% minimum tax on discretionary trusts, personal tax cuts, and small business measures. This briefing summarises the changes and flags what crypto holders should consider before 30 June 2027.

### THE HEADLINE FOR CRYPTO HOLDERS

The 50% CGT discount is being abolished from 1 July 2027 and replaced with cost base indexation plus a 30% minimum tax. This applies to all CGT assets — including crypto. Every long-term crypto holding will need a 1 July 2027 valuation. We recommend a strategy conversation before 30 June 2027.

## 1. Capital Gains Tax reform — the headline change

From 1 July 2027, the 50% CGT discount that has applied to individuals, trusts and partnerships since 1999 will be replaced by two new mechanisms:

- **Cost base indexation** — your cost base will be uplifted by CPI for assets held 12 months or more, similar to the pre-1999 regime. Only *real (inflation-adjusted) gains* are taxed.
- **30% minimum tax on capital gains** — if your marginal rate after applying indexation would be below 30%, additional tax is applied to bring the effective rate on the gain up to 30%. Recipients of means-tested income support (Age Pension, JobSeeker) are exempt.

### Why this matters for crypto

Crypto is a CGT asset and is **not exempted**. Unlike property — where the changes apply only to negative gearing for new residential builds — the CGT reform applies **broadly to all CGT assets including crypto, shares, business assets and unit trust holdings**. The main residence and small business CGT concessions remain unchanged.

### How transitional rules work for existing holdings

If you hold crypto (or any CGT asset) on 1 July 2027 and sell it later, your gain is split into two periods:

Period	Treatment	Effect on tax
Gains accrued up to 30 June 2027	50% CGT discount continues to apply (asset value at 1 July 2027 becomes the split point)	Most favourable — locks in current rules for value built up before commencement
Gains accruing from 1 July 2027	Cost base indexation by CPI + 30% minimum tax on real gains	Better when inflation is high and real return is modest; worse on high real returns

You can either obtain a 1 July 2027 valuation (straightforward for crypto — exchange-quoted prices are accepted) or use an ATO apportionment formula based on the asset's overall growth rate. We will provide tooling to assist clients with this calculation.

## Worked example — long-held BTC

**Scenario:** Sarah bought 1 BTC for \$30,000 in 2020. On 1 July 2027 it is worth \$180,000. She sells in July 2032 for \$300,000 (assume 2.5% CPI).

**Pre-1 July 2027 gain:** \$150,000 (\$180,000 – \$30,000) — 50% CGT discount still applies. Assessable = \$75,000.

**Post-1 July 2027 gain:** Indexed base =  $\$180,000 \times (1.025)^5 = \$203,652$ . Real gain =  $\$300,000 - \$203,652 = \$96,348$ . Assessable = \$96,348 (no 50% discount; subject to 30% minimum tax if marginal rate is lower).

**Total assessable:**  $\$75,000 + \$96,348 = \$171,348$  — vs \$135,000 under current rules. At 47% marginal rate, ~\$17,100 more tax.

**Important:** There is no CGT event on 1 July 2027 itself — no tax is paid until Sarah actually sells. The 1/7/27 value is only used at disposal time to split the gain into the two periods.

### What to do before 30 June 2027

- **Inventory long-held positions** — identify which assets have substantial unrealised gains where a 1 July 2027 valuation will lock in 50% discount treatment.
- **Don't rush to sell** — the transitional rules are designed so there is no incentive to dispose of assets before 1 July 2027. Pre-commencement gains keep their 50% discount when realised later.
- **Document your 1 July 2027 cost base** — for crypto, snapshot exchange-quoted prices and your holdings on that date. We will capture this systematically for clients in our reconciliations.
- **Consider asset location** — assets held in SMSFs are unaffected (super funds are excluded). Holdings inside discretionary trusts face a separate change from 1 July 2028 (see section 2).
- **Loss harvesting** — capital losses carried into the new regime continue to offset future gains; nothing changes in their treatment.
- **Pre-1985 (pre-CGT) assets** remain exempt for gains accrued before 1 July 2027; gains accruing after that date become assessable.

## 2. 30% minimum tax on discretionary trusts

From **1 July 2028**, trustees of discretionary trusts will pay a minimum 30% tax on the trust's taxable income, regardless of how income is distributed. Non-corporate beneficiaries receive a **non-refundable** credit for that tax against their own assessment. Corporate beneficiaries get **no credit** (closing the bucket-company loophole).

### WHY THIS MATTERS

Income-splitting to adult children, low-income spouses or beneficiaries with no other income — a core tax benefit of discretionary trusts — is largely neutralised. Trusts will still work for asset protection and succession, but the tax arbitrage compresses significantly.

### What is excluded

- Fixed trusts, unit trusts and widely-held trusts
- Complying super funds (including SMSFs) — already taxed at 15%
- Charitable trusts, special disability trusts, deceased estates
- Primary production income, certain income for vulnerable minors, and testamentary trust assets existing at announcement

### Rollover relief — a three-year window

Time-limited rollover relief will be available for **three years from 1 July 2027 to 30 June 2030** for trustees who want to restructure out of a discretionary trust into a company or fixed trust. Rollover relief **defers** CGT — it does not eliminate it. The asset's existing cost base carries over into the new entity, and the embedded gain is realised on eventual disposal.

### What to consider

- **Crypto held in a discretionary trust** — if your trust holds material crypto positions and historically distributes to adult beneficiaries with low marginal rates, the structure will become tax-inefficient from 1 July 2028.
- **Restructure to a company** — gives access to the 25% small business rate (where eligible), franking credits, and easier retention of earnings. But: pre-2027 50% discount may be lost on rolled assets (see watch point above).
- **Restructure to a fixed trust** — retains trust benefits while avoiding the minimum tax, but beneficiaries' entitlements become fixed.
- **Pay wages instead of distributions** — where family members genuinely work in the business, salary payments are not caught by the minimum tax.
- **Bucket company strategies are dead** — corporate beneficiaries no longer receive a credit for the trustee's 30% tax, so cycling income through a non-trading bucket company stops working.

### 3. Negative gearing — for residential property only

Negative gearing changes are **limited to residential property** and do not apply to shares, crypto or other asset classes. From **1 July 2027**, losses from existing residential investment properties purchased after 7:30pm AEST 12 May 2026 can only offset other residential property income (including capital gains). Excess losses are quarantined and carried forward.

- **Properties held before 12 May 2026** are grandfathered indefinitely — continue to negatively gear as before.
- **Properties contracted between 12 May 2026 and 30 June 2027** can be negatively geared until 30 June 2027, then quarantined.
- **New builds (off-the-plan, vacant land, or supply-adding redevelopment)** retain full negative gearing AND a per-asset CGT election at sale — choose either the 50% discount or indexation + 30% min tax, whichever produces less tax. Subsequent purchasers of the same property cannot access either concession.
- **SMSFs and widely-held trusts** are excluded.

### 4. Personal tax cuts — modest but universal

Two new measures will reduce personal income tax for workers and sole traders, on top of the already-legislated 2024–25 and 2026–27 rate cuts.

#### \$1,000 instant work-related deduction (from 2026–27)

From the **2026–27 income year**, employees and sole traders can claim a flat \$1,000 work-related deduction without receipts. Anyone with genuine work-related expenses over \$1,000 can still substantiate and claim the actual amount. Charitable donations, union fees and other non-work deductions remain claimable on top. Average benefit: \$205.

#### \$250 Working Australians Tax Offset (from 2027–28)

A permanent \$250 tax offset for all workers (including ~1.5 million sole traders) from the **2027–28 income year**. Applied automatically on lodgement.

#### Combined annual benefit vs 2023–24 settings

Income	2026–27 cut	From 2027–28 (incl. WATO)	With \$1,000 deduction
\$50,000	\$1,197	\$1,715	Up to \$2,050
\$80,000	\$1,947	\$2,465	Up to \$2,785
\$100,000	\$2,447	\$2,965	Up to \$3,285
\$150,000	\$3,997	\$4,515	Up to \$4,905
\$200,000	\$4,797	\$5,315	Up to \$5,785

## 5. Small business measures

### Next steps

#### WHAT WE RECOMMEND

- **Book a CGT strategy review** before 30 June 2027 if you hold material long-term crypto, shares or business assets.
- **Trust structure review** for clients using discretionary trusts — particularly if those trusts hold investment assets or distribute to low-income beneficiaries.
- **Hold tight on property** — if you already own residential investment property, no immediate action is needed; grandfathering protects your position.
- **Watch for consultation outcomes** — several details (start-up CGT interaction, trust minimum tax collection mechanism, rollover relief scope) are still subject to industry consultation through 2026–27.

**Get in touch** — if you would like to discuss how these reforms affect your specific situation, particularly for crypto holdings, SMSF, or trust structures, please reply to this email or book a time via our website. We will be running detailed reviews for clients with material exposure throughout 2026 and early 2027.

*This briefing is general information based on Budget announcements as at 12 May 2026 and is not financial or tax advice. Specific advice depends on your circumstances. Several measures are subject to consultation and legislation — final details may change. Crypto Tax Australia is a CPA practice. Liability limited by a scheme approved under Professional Standards Legislation.*

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