June 2026 Business News

Optio Advisor

Federal Budget 2026

The 2026 federal Budget provided many changes to tax law, some of which have now become law. We've outlined below some of the changes that apply to small businesses.

$20,000 Instant Asset Write-Off Made Permanent (finally)

After being left out of the 2025 Federal Budget, in this year's budget the government announced that from 1 July 2026, the $20,000 Instant Asset Write-Off will now be a permanent feature of the tax law for small businesses with turnover under $10 million. We no longer have to worry about it expiring each year.

The equipment still needs to be installed prior to the end of the financial year for it to be claimed in that year. Otherwise, the deduction will flow over to the following year.

Loss Carry-Back Returns - Cash Refunds for Companies

This was also announced in this year's Federal Budget. If your company makes a tax loss in the 2026/27 year (and beyond), you will now be able to offset it against tax you paid in the previous two years - potentially getting a tax refund. This applies to companies with turnover under $1 billion. This tax measure was introduced during the Covid years for a limited period of time and has now been brought back into tax law.

Loss Refundability for Small Start-up Companies

The government will introduce loss refundability for small start-up companies. For tax years commencing on or after 1 July 2028, start-up companies with aggregated annual turnover of less than $10 million, that generate a tax loss in their first two years of operations will be able to use the loss to generate a refundable tax offset.

The offset will be limited to the value of fringe benefits tax (FBT) and withholding tax on wages paid in respect of Australian employees in the loss year.

We are waiting on further details for this tax law change to be announced.

Payday Super

Payday super has commenced on 01 July 2026. The new arrangements require you to send the superannuation payments for your employees to their superannuation fund each payday. The old arrangements required superannuation to be sent every quarter as a minimum. The new arrangements require more frequent but lower amount payments which may change your cash flow.

Note that the superannuation is required to be processed by the superannuation funds within 7 days of the employee's payday, so we recommend that you send the payment on the same day as the payday to avoid processing delays that superannuation funds might experience, due to the increased volume of transactions to process.

New AUSTRAC Requirements

From 1 July 2026, the Federal Government is extending Anti-Money Laundering (AML) rules to cover Accountants and other professionals (Lawyers, Real Estate Agents, Financial Planners). We are now required to undertake the same level of identity checks as your bank already does when you open an account. This applies to every accounting practice in Australia, not just ours.

Apart from the changes to identity checks, we are also required to undertake further reviews when we provide certain 'designated services' to our clients. Thankfully tax returns, tax advising and financial statements do not fall within the designated services list, so there should be minimal changes for most of our clients.

However, some of our other services provided to business clients are classed as designated services, so for this first year, some business clients may be asked for further details before we commence certain services for them. The most common services that we offer which are affected relate to preparing and lodging forms submitted to ASIC, preparing minutes and resolutions, and setting up new entities.

As we work through your details during the coming year, we will contact you for any specific information that we need.

30% Minimum Tax on Discretionary Trusts (from 1 July 2028)

Not all of the Federal Budget announcements have been beneficial. If your business or investment income runs through a family discretionary trust, this is a major change you need to prepare for. From 1 July 2028, it is proposed that a minimum 30% tax rate will apply to trust income distributions. Currently, distributions to low-income family members (such as adult children) can be taxed at much lower rates (or no tax at all).

The proposed changes have not yet been introduced into parliament and may be subject to changes/ refinements before they become permanent law. There are several parts to the proposal that have raised questions that need clarification. Recent media reports have outlined some of the issues that have been addressed by the government since the budget night announcement. We will continue to monitor the proposals and confirm the final details when they become law.

Under the current proposal, distributions from trusts to bucket companies and then to individuals, may not be the most tax effective method. If you have a discretionary trust as part of your business structure, we will be reviewing your situation as we work through your 2025/26 tax returns and reports.

The Government will allow a three-year window to restructure trusts into a company or fixed trust without triggering tax or CGT. We are waiting on whether the State Governments will also give relief from stamp duty that may apply to some restructuring arrangements.

Dynamic PAYG instalment calculations

From 1 July 2027, small and medium business will be able to opt in to reporting and paying Pay as You Go (PAYG) instalments on a monthly basis. This will support businesses by enabling tax instalments to better reflect real time business activity.

The tax office may also make this mandatory for businesses with a history of non-compliance who will also be required to report and pay PAYG instalments on a monthly basis.

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