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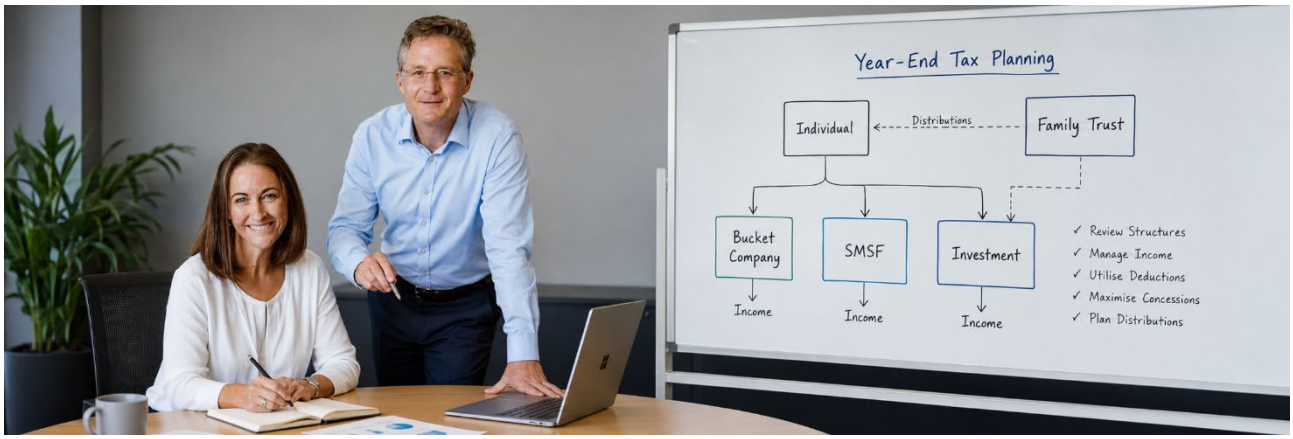
CHARTERED ACCOUNTANTS

FY26

Tax Planning Guide

For Individuals

Perth · Albany



BEFORE 30 JUNE

Wealth-building decisions should make commercial sense first. If they stack up commercially, we help you optimise the tax outcome.

Questions worth asking before year end:

- What deductions am I entitled to that I may wish to utilise?
- Do I have substantiation and documentary evidence of my income and deductions?
- Am I confident that my deductions are necessarily incurred in earning my assessable income?
- What should I do with any surplus funds before 30 June?

The Federal Budget announced significant proposed changes for investors - capital gains tax, negative gearing and discretionary trusts. Most are not yet law, but they should now be considered before any acquisition, disposal, restructure or change of ownership. See the **Budget Watchlist** in the Investments section.

Your end of financial year Checklist

Use this checklist to identify what needs attention before year end. Not every item will apply to you.

- ☐ Speak with us before buying, selling or changing ownership of investments, property or trust assets, especially given the proposed Federal Budget changes.
- ☐ Review whether salary sacrifice or a personal deductible super contribution makes sense for your cashflow and contribution caps and implement early enough for your fund to receive them before 30 June.
- ☐ Review investment gains and losses before selling assets.
- ☐ If claiming a personal super deduction, make sure the notice of intent process is completed before lodging your tax return or before making any material changes to your super account.
- ☐ Check whether income protection, private health insurance or donations should be reviewed before year end.
- ☐ Talk to us before signing anything material. Tax planning works best *before* a transaction happens.
- ☐ Gather rental property records, including loan interest, property manager statements, repairs, capital works and depreciation schedules.
- ☐ Check your motor vehicle records, including logbook status, odometer readings and work-related kilometres.
- ☐ Review your record of working from home hours against ATO requirements if you intend to claim home office costs (these requirements can be onerous and require contemporaneous records).
- ☐ Gather receipts and records for work-related deductions, including uniforms, tools, training, subscriptions and home office expenses.

DEDUCTIONS

Work-related expenses

Keep receipts for uniforms (safety items or employer-logo with registration only), training, tools and learning materials. The ATO continues to focus on over-claiming.

Working from home

- **Fixed rate method:** 70 cents per hour worked from home - covers electricity, gas, phone, internet, stationery and consumables. Decline in value of laptops, monitors and office furniture is claimed separately. Contemporaneous record of hours required.
- **Actual cost method:** Claim the work-related portion of real running costs. Heavier record-keeping - only worthwhile when the result justifies the effort.

Salary packaging

Some employees can salary-package work-related items - laptops, portable tools of trade, protective clothing, mobile phones - where there is a genuine connection to employment. Check what your employer offers.

Motor vehicle

- **Logbook method:** Maintain a valid 12-week logbook. Record odometer at 30 June 2026 (and at 31 March 2026 if applicable for FBT) and keep running-cost invoices. A compliant logbook rarely lands on a round number like 80% - make sure your logbook is accurate and compliant.
- **Cents per kilometre:** 88 cents per kilometre for FY26, capped at 5,000 work-related kilometres per car. No logbook required, but you must be able to substantiate the kilometres claimed.

> **Two reminders for vehicles:**
>
> **1. your commute to and from work is private and not deductible;**
>
> **2. a commercial vehicle such as a dual cab ute is intended to be used for work purposes. Where you use it as a family car and for holiday trips that nexus to simple commercial vehicle deductibility is broken.**

SUPERANNUATION

Concessional contribution cap

The concessional cap for FY26 is $30,000 for all individuals. Employer super contributions count toward your cap. Excess concessional contributions are included in your assessable income and taxed at your marginal rate (with a 15% offset for tax already paid by the fund) and can affect your non-concessional position.

Where you expect a large capital gain or higher-than-usual income, concessional contributions may help manage taxable income - subject to cap, total super balance, cashflow, eligibility and receipt into your super fund bank account on or before 30 June.

Salary sacrifice

If your marginal rate is 30% or more (above $45,000), salary sacrifice can boost super and reduce tax. Salary sacrifice and personal deductible contributions are economically very similar.

Other concepts worth a conversation

The details below are general in nature and are not advice for your personal circumstances – we can provide you with more clarity on the tax deductibility and treatment but recommend you also consult with a financial advisor before acting.

- **Spouse contributions:** Up to $540 tax offset for after-tax contributions made for a low-income or non-working spouse (phases out above $37,000; not available above $40,000).
- **Division 293:** Combined income and concessional contributions above $250,000 attract an extra 15% on concessional contributions. Even with Div 293, contributing is usually still net favourable.
- **Catch-up contributions:** If your total super balance was below $500,000 at 30 June of the prior year, your unused concessional cap from prior years can be carried forward and used in FY26.
- **Notice of intent:** To claim a deduction for a personal contribution, lodge a valid notice of intent and receive acknowledgement from your fund before lodging your next tax return, starting a pension, rolling over, changing funds or withdrawing. Miss this step and the deduction is gone.
- **Total super balance:** Your balance at 30 June of the prior year drives eligibility for catch-up contributions, the bring-forward rule and other concessions. Watch the thresholds.

INVESTMENTS

Investing rewards discipline over speed. Earn more than you spend, save and invest deliberately.

Federal Budget Watchlist - Proposed Only

These measures are proposed and not yet law. Restructuring purely on Budget headlines is rarely the right move. Acquisitions, disposals and ownership changes should be considered against the proposals before you sign.

- **Capital gains tax - proposed from 1 July 2027.** The 50% CGT discount is proposed to be replaced by cost base indexation for assets held more than 12 months, with a 30% minimum tax on net capital gains. Expected to apply broadly, including to pre-CGT assets. Transitional rules are proposed for gains arising before 1 July 2027.
- **Negative gearing - proposed from 1 July 2027.** Losses from established residential property acquired after 12 May 2026 are proposed to be deductible only against residential rental income or property capital gains; excess carried forward. Properties acquired before that time, including contracts signed but not yet settled, are expected to remain under current rules.
- **Discretionary trusts - proposed from 1 July 2028.** Trustees of discretionary trusts are proposed to pay a 30% minimum tax on trust taxable income. Non-corporate beneficiaries would receive non-refundable credits for tax paid by the trustee. May reduce the benefit of distributing investment income to lower-income beneficiaries.
- **$1,000 instant deduction - proposed from 2026–27.** Eligible workers could claim an instant work-related deduction of up to $1,000. Actual expense claims under normal substantiation remain available and are required for FY26. Does not replace investment record keeping.

Ownership of investments

Review ownership as part of long-term planning - tax rates, concessions, risk and succession. Any change of ownership can trigger capital gains tax and transfer duty, so plan carefully. Before signing any new investment contract, speak to us about the best entity to own the asset.

Realise capital losses

You may consider selling non-performing investments before 30 June to crystallise a loss against current or future capital gains. Unused capital losses carry forward.

Defer income and capital gains

Consider whether realising a gain in FY26 or FY27 better suits your position. Under current rules, the 50% CGT discount applies to assets held at least 12 months. Note the proposed CGT changes above.

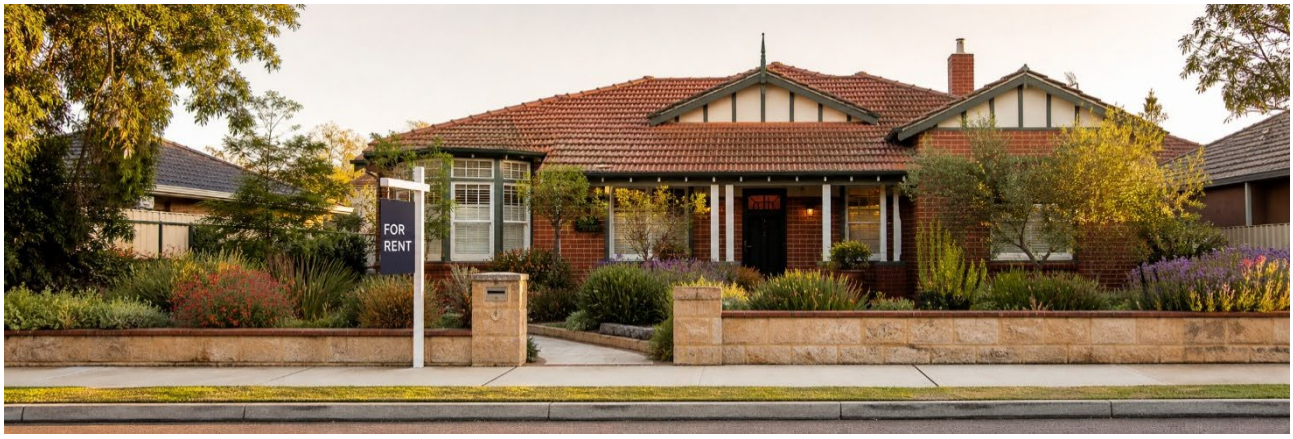
The contract date - not settlement - is generally the CGT event date.

Crypto

Each disposal is a CGT event, including swapping one crypto for another. The ATO obtains data from exchanges, and may do so retrospectively in future, so recognise that crypto is not a secret tax free investment. Keep records of purchases, disposals, transfers, staking rewards, swaps and wallet movements.

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INVESTMENT PROPERTIES



Negative gearing

Negative gearing produces a net rental loss that, under current rules, reduces other taxable income at your marginal rate. The value is the marginal rate deduction, not the gross loss.

The Federal Budget proposes to limit negative gearing for established residential property acquired after 7:30pm AEST on 12 May 2026, with effect from 1 July 2027 (see Budget Watchlist). Properties acquired before that time are expected to be grandfathered under current rules. Investment property should stack up commercially without over-reliance on the tax refund.

Long-term returns rely on capital growth and progressively paying down debt. Keep private and investment loans **separate** - once mixed, proportional deductibility cannot be unwound.

Depreciation reports

A quantity surveyor's schedule (BMT, Deppro, DuoTax) usually pays for itself many times over in the first year. Worth obtaining for most income-producing property.

Documentation

- A good property manager's annual statement simplifies year-end compliance.
- Keep records of borrowing purpose. Redrawing investment loan funds for private use makes that portion's interest non-deductible and cannot be reversed.
- Repairs and maintenance are generally deductible in the year incurred. Improvements and capital works are not - they depreciate or are added to the cost base. Consider the distinction before spending.
- Apportion deductions where the property was used privately at any point during the year.

Prepay interest

Up to 12 months of interest on an investment loan can be prepaid to bring forward the deduction - provided it does not strain day-to-day cashflow.

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LOOK AFTER YOURSELF AND OTHERS

Income protection insurance

Your earning capacity is often your largest financial asset. Income protection typically replaces up to 75% of salary if illness or injury prevents you from working. Premiums are generally deductible and can be prepaid 12 months in advance.

Private health insurance

If your income for Medicare Levy Surcharge purposes is above $101,000 (single) or $202,000 (family, plus $1,500 per dependent child after the first), and you do not hold appropriate private hospital cover that covers all applicable family members then Medicare Levy Surcharge of 1% to 1.5% applies. The cost of the surcharge often exceeds the cost of basic hospital cover.

Wills and powers of attorney

Dying intestate creates an expensive and avoidable mess. Put the documents in place and review them periodically.

Donations

Tax-deductible donations to deductible gift recipients (DGRs) reduce taxable income and support causes you care about.

Debt

Debt is neither inherently good nor bad. Used carefully it builds wealth - used carelessly it erodes it. Review interest rates, structures and repayments annually.



A FINAL WORD

If it sounds too good to be true, it generally is. Risk has a place in long-term wealth building, but only with a plan. Talk to us **before** signing - not after.

Important Notice

This guide is general information only. It does not consider your particular objectives, financial situation or needs and is not accounting or tax advice. Specific decisions require detailed analysis of your circumstances. We have not accounted for the uncertain nature of future legislative change.

SPEAK WITH US

Porters CA - Chartered Accountants

Perth	Albany
Level 3, 9 Bowman Street South Perth WA 6151 (08) 6436 0900	Level 1, 96–102 Stirling Terrace Albany WA 6330 (08) 9842 2511

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