MONTHLY SUPERANNUATION NEWSLETTER

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PLANNING AHEAD: PRIORITIES FOR THE NEW FINANCIAL YEAR

It is not uncommon for superannuation legislation to change. In fact, the words 'superannuation' and 'consistency' are rarely mentioned in the same sentence, and this year is no exception.

However, the 2027 financial year also brings some of the most significant tax reforms outside the superannuation system in recent memory, including the removal of the 50% capital gains tax discount and negative gearing arrangements.

With another 30 June now behind us, it is an opportune time to look ahead, consider the evolving legislative landscape, and review the strategies and opportunities that may arise from these developments.

This year marks the commencement of Division 296, although unsurprisingly, that is not the only change affecting superannuation. Indexation took effect on 1 July, with the key changes outlined below.

Contribution Type	2025–26 Cap	2026–27 Cap
Concessional (before-tax)	$30,000	$32,500
Non-concessional (after-tax)	$120,000	$130,000
Bring-forward (3 years)	$360,000	$390,000
Transfer balance cap	$2.0 million	$2.1 million

Concessional contributions – indexed up and the carry-forward concessional contributions

The concessional contributions cap has increased from $30,000 to $32,500. The ability to contribute beyond the standard concessional cap by utilising unused cap amounts from the past five financial years is a powerful yet often underutilised strategy for building superannuation in a tax-effective way. To be eligible, your total super balance (TSB) must be under $500,000 as at 30 June 2026.

Unused concessional cap amounts from the 2021–22 financial year will expire if not used by 30 June 2027. Where a TSB is expected to reach or exceed $500,000 by that date, the 2026–27 financial year may represent the final opportunity to take advantage of any remaining carry-forward amounts from prior years. The maximum available carry-forward amount for 2026–27 is $142,500, in addition to the current year cap of $32,500.

Key planning point: If your total super balance is approaching $500,000, acting before 30 June 2027 may be critical to accessing carry-forward contributions. Unused amounts from 2021–22 expire permanently at the end of this financial year.

Maximise non-concessional contributions

From 1 July 2026, the non-concessional cap rises to $130,000, and the maximum bring-forward amount increases to $390,000 over three years, creating an even greater opportunity to accelerate contributions into the tax-advantaged superannuation environment.

Key planning point: A common strategy to maximise non-concessional contributions is to contribute up to the annual cap in one financial year, then trigger the three-year bring-forward rule in the following year. For example, a contribution of $130,000 made during the 2026–27 financial year means up to $390,000 may be contributed in 2027–28 under the bring-forward provisions to maximise contributions.

Opportunities created by the indexed transfer balance cap

As of 1 July 2026, the general transfer balance cap has increased from $2.0 million to $2.1 million. Individuals who have already fully utilised their personal cap will not benefit directly from this indexation. However, those who have not yet commenced an account-based pension, or have only partially used their cap, may now have the opportunity to transfer additional amounts into the retirement phase, where investment earnings are tax-free.

For individuals who commenced pensions prior to 1 July 2026, any increase to their personal cap will be proportionate, based on the extent to which they have previously used their cap. The ATO will calculate and display each individual's personal transfer balance cap using information reported by superannuation funds.

Key planning point: Due to partial indexation, the remaining transfer balance cap for many already in pension phase is difficult to track. Obtaining a remaining TBC report from MyGov will clarify the unused amount.

Division 296 – now in effect

Division 296 represents the most significant structural change to the taxation of superannuation earnings in recent memory. Having passed both Houses of Parliament, it applies from 1 July 2026, meaning the 2026–27 financial year is the first year of operation.

An additional 15% tax applies to investment earnings on the portion of a member's total super balance that exceeds $3 million, and an additional 25% on the portion exceeding $10 million. Importantly, for this first year of operation, the total super balance is measured at 30 June 2027. In subsequent years, the greater of the start-of-year or end-of-year balance will be used.

The transitional period runs through to 30 June 2027, providing a valuable window to review existing arrangements. Key actions for members approaching or above the threshold include:

- Confirming asset valuations as at 30 June 2026 for the CGT cost base reset election
- Reviewing estate planning arrangements in the context of Division 296
- Assessing the impact of reversionary pensions where combined balances are close to $3 million
- Reviewing whether superannuation remains the most tax-effective structure for assets above the threshold

Key planning point: SMSF trustees should assess whether the CGT cost base reset election is beneficial as it must be lodged with the 2026–27 annual return

CGT reform – planning window

The 50% CGT discount remains in place for the 2026–27 financial year, the new indexation and 30% minimum tax regime does not commence until 1 July 2027. This makes the current financial year an important planning window for clients with unrealised capital gains.

Key actions before 30 June 2027:
- Review unrealised gains across investment portfolios and consider whether any assets should be sold before the new regime commences
- Obtain and document asset valuations as at 30 June 2027, these will be essential for apportioning future capital gains between the pre and post-1 July 2027 tax regimes at the time of eventual sale

Key planning point: These changes have highlighted just how attractive superannuation remains from a tax perspective. For long-term investors, superannuation continues to be the most tax-effective investment environments available, making it worthwhile to consider strategies that maximise its benefits.

Negative gearing

Properties purchased before budget night (12 May 2026) retain full negative gearing, the grandfathering provisions fully preserve the existing rules for these holdings. Properties purchased after 12 May 2026 but before 1 July 2027 are in a transitional period. The full restriction on negative gearing for established residential properties commences 1 July 2027.

For clients considering property purchases, the distinction between new builds and established properties will become increasingly important, the 50% CGT discount will be retained for new builds even after 1 July 2027, while negative gearing on established investment properties purchased after the transition period will be restricted.

Key planning point: For traditional residential property investors who would otherwise use a negative gearing strategy, alternatives should be considered. Whether this is focusing on new builds, commercial properties or alternative assets such as listed shares and funds.

The bottom line

30 June 2027 is one of the most significant tax planning deadlines in a generation. The combination of the end of the 50% CGT discount, the Division 296 transitional period closing, and the negative gearing changes all converging on the same date creates both an urgent need for action and a significant opportunity for clients who plan ahead.

Jeremy Tyzack
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