CARISMA SOLUTIONS

2026 Tax updates

OBS Training Board



Carisma Solutions confidential.

Topics Covered

- Changes in Individuals
- Changes in Business
- Changes in Tax return

Changes in Resident Tax Rates (No Change)

Resident tax rates 2024-25

Taxable income	Tax on this income
0 – $18,200	Nil
$18,201 – $45,000	16c for each $1 over $18,200
$45,001 – $135,000	$4,288 plus 30c for each $1 over $45,000
$135,001 – $190,000	$31,288 plus 37c for each $1 over $135,000
$190,001 and over	$51,638 plus 45c for each $1 over $190,000

Resident tax rates 2025-26

Taxable income	Tax on this income
0 – $18,200	Nil
$18,201 – $45,000	16c for each $1 over $18,200
$45,001 – $135,000	$4,288 plus 30c for each $1 over $45,000
$135,001 – $190,000	$31,288 plus 37c for each $1 over $135,000
$190,001 and over	$51,638 plus 45c for each $1 over $190,000

Source : https://www.ato.gov.au/tax-rates-and-codes/tax-rates-australian-residents#ato-Australianresidenttaxrates2020to2026

Changes on Income Labels (No change):

Key Income-Related Updates (2025–26)

Area	2025–26 Update
Income labels	No new income labels or structural changes announced.
Stage 3 tax cuts	Continue to apply from 1 July 2024 and affect tax payable, not income reporting labels.
Superannuation guarantee	Increased to **12% from 1 July 2025**, affecting employer contributions but not individual income labels.
Employee Share Schemes	Existing reporting framework continues.
Foreign income reporting	No material label changes.
Capital gains reporting	No change to CGT labels or reporting requirements.

Changes on Income Labels – Stage 3 Cuts

Australia Tax Slabs Comparison (ATO)

Income Range	FY24 (Old rates)	FY25 (Stage 3)	FY26
$0 – $18,200	0%	0%	0%
$18,201 – $45,000	19%	16%	16%
$45,001 – $120,000	32.5%	—	—
$45,001 – $135,000	—	30%	30%
$120,001 – $180,000	37%	—	—
$135,001 – $190,000	—	37%	37%
$180,001+	45%	—	—
$190,001+	—	45%	45%

Additions & Removals to ITR

Modernising trust administration systems:

- From 1 July 2026, your trustee will provide additional information in your distribution statement that can help you prepare your return and report your income correctly.
- We're also enabling pre-fill services for trust distributions for individual taxpayers from 2026 and expanding to other entities from 2027.

Distribution statement

There will be 3 new labels in your distribution statement:

- B1 Non-primary production managed investment scheme amount
- U2 Franked distribution related to investments amount
- H1 Other assessable foreign source income from a financial investment amount.

This information will help you to accurately complete the income tests question at **Net financial investment loss** (IT5) on their tax return.

Additions & Removals to ITR

Junior Mineral Exploration Incentive

- No incentive from 01st Jul 2025
- On 5 May 2021, the Australian Government announced it would extend the Junior Minerals Exploration Incentive to 30 June 2025. The Junior Mineral Exploration Incentive has not been extended beyond this date.
- From the 1 July 2025 exploration credits cannot be received or claimed.

What is JMEI

- Junior Minerals Exploration Incentive (JMEI) is an Australian Government tax scheme to encourage investment in early-stage mining companies.
- It allows companies to convert exploration losses into tax credits and pass them to investors. Investors benefit through tax offsets or refundable tax reductions in their income tax return
- Example : Mining / Mineral exploration (e.g., gold, lithium exploration companies) Gold exploration companies, Lithium & battery minerals exploration, Copper mining exploration, Rare earth minerals exploration, Iron ore exploration companies

Changes on Deduction Labels (No change):

Key Individual Deduction-Related Updates (2025–26)

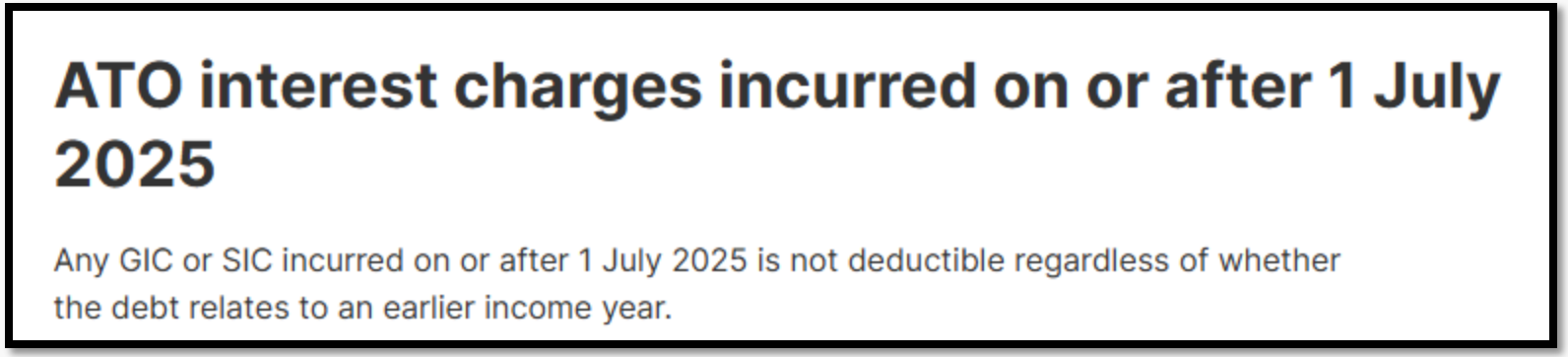
Area	2025–26 Update
Work-related car expenses	88c/km rate retained.
Work-from-home expenses	70c/hour fixed-rate method retained.
Personal super contributions	Concessional cap remains **$30,000**.
Deduction labels D2–D15	No material structural or rate changes.
Record keeping	Continued ATO focus on substantiation for work-related claims.

Other Changes on Deduction Labels:

- **ATO Interest:**

Interest on ATO late-payment debt becomes non-deductible from 1 July 2025.

ATO Link: *https://www.ato.gov.au/about-ato/new-legislation/in-detail/businesses/deny-deductions-for-ato-interest-charges*



Changes on Medicare Levy:

The Medicare levy low-income threshold exempts low-income earners from having to pay the levy. From 1 July 2024, the threshold for the exemption will increase.

The change will mean low-income earners will pay less when they lodge their income tax returns for 2024-25.

	2024-25	2025-26
Singles	$26,000	$27,222
Families	$43,846	$45,907
Single seniors & pensioners	$41,089	$43,020
Family seniors & pensioners	$57,198	$59,886
Family additional child or student	$4,216	$4,027

Changes on Medicare Levy Surcharge (MLS):

MLS income thresholds and rates for 2024–25

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single threshold	$97,000 or less	$97,001 – $113,000	$113,001 – $151,000	$151,001 or more
Family threshold	$194,000 or less	$194,001 – $226,000	$226,001 – $302,000	$302,001 or more
Medicare levy surcharge	0%	1%	1.25%	1.5%

The family income threshold is increased by $1,500 for each MLS dependent child after the first child.

MLS income thresholds and rates for 2025–26

Threshold	Base tier	Tier 1	Tier 2	Tier 3
Single threshold	$101,000 or less	$101,001 – $118,000	$118,001 – $158,000	$158,001 or more
Family threshold	$202,000 or less	$202,001 – $236,000	$236,001 – $316,000	$316,001 or more
Medicare levy surcharge	0%	1%	1.25%	1.5%

The family income threshold is increased by $1,500 for each MLS dependent child after the first child.

Changes on offsets:

- No changes in the offsets from FY2025.

Offset	FY2026 Change	Notes
Low Income Tax Offset (LITO)	No change	Maximum offset remains $700. Phases out completely at taxable income of $66,667. AusTaxTools +1
Low and Middle Income Tax Offset (LMITO)	No change	Remains abolished. Not available since FY2023. Pay Calculator A...
Seniors and Pensioners Tax Offset (SAPTO)	No legislative change	Maximum offset remains $2,230 for eligible singles and $1,602 each for eligible couples. AusTaxTools
Private Health Insurance Rebate	Indexed annually	Rebate percentages adjusted annually based on income tier and age. No major structural changes.
Franking Tax Offset	No change	Existing refundable franking credit rules continue.
Zone Tax Offset	No change	Existing eligibility and rates continue.
Beneficiary Tax Offset	No change	Existing rules continue.
Invalid and Invalid Carer Tax Offset	No change	Existing eligibility and rates continue.
Superannuation Tax Offset (LISTO)	No change	Maximum offset remains $500 for eligible low-income earners.
Foreign Income Tax Offset (FITO)	No change	Existing rules continue.

CHANGES TO BUSINESS

R & D Offset

- The Government announced this proposed change in the Mid-year Economic and Fiscal Outlook 2024–2025, for income years starting on or after 1July 2025.
- It is proposed that some R&D activities relating to gambling and tobacco will be excluded from eligibility for the R&D tax incentive.
- However, activities that are solely for the purpose of harm reduction (for example reducing addiction) won't be excluded

ATO Interest:

- Interest on ATO late-payment debt becomes non-deductible from 1 July 2025.

Junior Mineral Exploration Incentive

- The Junior Mineral Exploration Incentive has not been extended beyond 30th Jun 2025. From the 1 July 2025 exploration credits cannot be received or claimed.

NO INCLUSION OR EXCLUSION OF LABELS AND HEADINGS IN CTR

CHANGES TO Tax Return

CTR

NO INCLUSION OR EXCLUSION OF LABELS AND HEADINGS IN CTR

PTR:

- In the *Partnership tax return 2026*, there has been the following changes:
- removal – item **54** Statement of distribution
  - label **M** share of exploration credits (Junior Mineral Exploration Incentive)

CHANGES TO Tax Return

TRT

In the *Trust tax return 2026*, there has been an addition, change or removal of the following items and labels:

New

- Item 58
  - Label **B1** - Non-PP Managed investment scheme amount
  - Label **U2** - Franked distribution related to investment amount
  - Label **H1** - Other assessable foreign source from a financial investment amount

Changes

- Item 58
  - Label **B2** Non-PP NCMI
  - Label **B3** Non-PP Excluded from NCMI

Removal

- Item 54
  - Label **G** Other refundable tax offsets
- Item 58
  - Label **M** Exploration credits distributed

Summary of Key Changes – Recall.

- No Direct changes on Income Labels
- ATO interests are non-deductible from FY2026
- **Superannuation guarantee:** Increased from **11.5% to 12%** from 1 July 2025, marking the final scheduled rise in employer super contributions.
- Medicare levy surcharge threshold increased.
- **ASIC fees for FY 26**

(A) Increased to $329,

(B) Late Lodgement Penalties

(1) Less than 1 month = $98

(2) More than 1 month = $411

(C) Pty Ltd Company Registration: $611(payable once at incorporation)

2024-25 VS 2025-26 – Key Business Updates

Description	2024-25	2025-26
ASIC Filing Fees	$321	$329
LCT Threshold (No change)	$69,674	$69,674
FBT Benchmark Interest Rate	31 March 2025 – 8.77%	31 March 2026 – 8.62%
Division 7A Benchmark Interest Rate	8.77%	8.37%
Super Guarantee Rate	11.5%	12%
FBT EV Exemption	Applicable	Applicable – Pure EV Not Applicable – Hybrid Vehicle

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