

An expensive way to save tax

There will be investment properties sold before next June because their owners dislike the new capital gains tax rules.

Some will be sensible sales. Others will be bargains for the buyers.

The trouble starts when an owner becomes more interested in the tax bill than the sale proceeds. Having paid tax for forty years, they would rather concede a further \$50,000 to a buyer than another dollar to Canberra.

Understandable, but also expensive.

Consider an owner who accepts \$80,000 less to complete a sale before the change. Suppose the tax saving is \$20,000.

The buyer gets \$80,000. The seller saves \$20,000.

The ATO has inspired a generous gift to a complete stranger.

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You saved tax. What did it cost?

An illustrative example



The price reduction cost more than the tax saving.

Assumes a sale at the higher price was achievable and all other costs were unchanged.

Illustrative figures only • Draft for solicitor and tax-adviser verification

June is not a cliff

The existing CGT discount does not simply disappear from the entire gain when the calendar turns to July.

Under the transition, qualifying gains built up before 1 July 2027 retain the old treatment. Subsequent gains fall under the new framework.

An owner who has held a property for twenty years is therefore dealing with two periods. Selling before June is not the only way to preserve the treatment of the earlier gain.

There is also the negative-gearing position. A qualifying property acquired before the Budget-night deadline generally retains its existing treatment while the owner holds it. Sell it and buy another established property, and that benefit is lost.

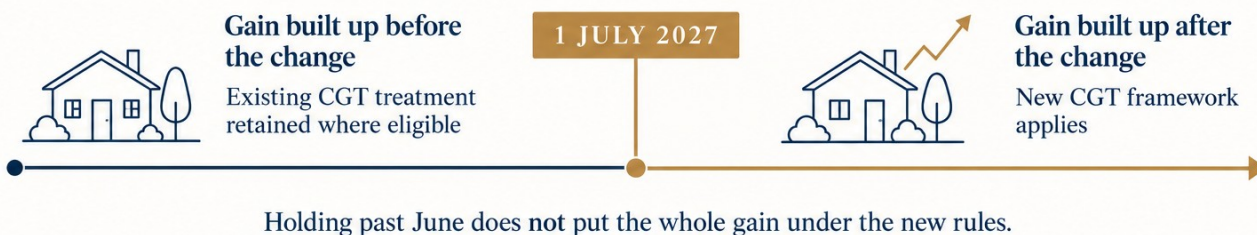
So the owner contemplating a sale has something to surrender as well as something to save.

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June is not a cliff

Two tax rules. Two different timelines.

CAPITAL GAINS TAX



NEGATIVE GEARING



Simplified overview • Eligibility and transition rules apply • Draft for solicitor and tax-adviser verification

A weak market complicates the choice

Selling into a weak market can mean accepting a disappointing price. Holding means continuing to pay the bills, with no promise that prices will recover on schedule.

The CGT transition adds another consideration. A lower property value at the changeover can leave more of a subsequent recovery falling into the new tax period.

There is no honest calculation that can settle this without assumptions about price, time and holding costs. Those assumptions should be written down where everyone can see them.

Start with the offer available today. Deduct selling costs and tax.

Then calculate the proceeds from selling later at several prices. Deduct the extra holding costs, after allowing for rent and the available deductions, as well as selling costs and tax.

Include a result where the price fails to recover. Owners deserve to see that column too.

The comparison will show how much of a price improvement is needed to justify waiting - and how much can be conceded today before the supposed tax saving becomes an expensive exercise.

Assure's view is that a tax deadline is a poor reason to accept an unexamined discount.

Before giving the buyer \$80,000, establish exactly what Canberra is offering in return.

General information only. Figures are illustrative, not a calculated CGT outcome or a forecast. Actual results depend on eligibility, valuation and transition rules, income, deductions and costs.

Review notes and sources

Draft for solicitor and tax-adviser review before publication.

Position date: 24 October 2026. Verify all legal and tax statements, the market context and both illustrations before publication. The recovery observation assumes the transition uses the relevant market value; indexation, apportionment and loss rules require checking.

Treasury — Negative Gearing and Capital Gains Tax Reform (transition explanation): <https://budget.gov.au/content/factsheets/download/tax-explainers-negative-gearing-capital-gains-tax.pdf>

Treasury Laws Amendment (Tax Reform No. 1) Act 2026: <https://www.legislation.gov.au/C2026A00049/latest>