Investor Update

McGrath North Lakes
June 2026

Federal Budget 2026: Key Tax Changes for Property Investors

The Federal Budget handed down last month introduced major proposed reforms to property investment taxation, with changes to negative gearing and capital gains tax (CGT) expected to impact both current and future investors.

Under the proposed legislation, from 1 July 2027 negative gearing tax deductions on residential property investments will be limited to newly built homes only. Investors purchasing established properties after this date would no longer be able to claim investment losses against their wage income.

Importantly, existing investment properties purchased before the changes take effect are expected to be grandfathered, meaning current owners can continue operating under the existing rules.

The Budget also proposes significant changes to capital gains tax concessions. Currently, investors who hold a property for more than 12 months receive a 50% CGT discount when they sell. Under the new proposal, future investors would instead move to an indexation model, where capital gains are adjusted for inflation rather than automatically halved.

For many investors, these reforms will place greater emphasis on property fundamentals and long-term strategy rather than relying heavily on tax benefits alone.

What does this mean in practical terms?

- Investors may increasingly look towards new developments and house-and-land packages to retain access to negative gearing benefits.
- Holding periods may become longer as investors focus more on rental yield and sustainable cash flow.
- Existing investors with established portfolios may see increased value in retaining current assets under grandfathered arrangements.
- Property selection will become even more important, particularly in high-demand growth corridors with strong rental demand and infrastructure investment.

The Budget also included continued funding commitments towards housing supply initiatives, infrastructure, and build-to-rent projects, all of which are expected to influence future rental markets and investment opportunities.

While the proposed reforms are still subject to legislation and further detail, now is an ideal time for investors to review their financial structures, borrowing strategies, and long-term goals with qualified advisers.

As always, informed and strategic decision-making remains the key to building and protecting wealth through property investment, regardless of changes to the tax landscape. Queensland's property market remains strong, and whether you're buying, selling, or renting, our team is here to help you maximise your property investment.

07 3888 0098
northlakes@mcgrath.com.au
@mcgrathnorthlakes
McGrath North Lakes

McGrath
mcgrathmb.com.au

Community Engagement this month

After winning the Community Service Award at the 2025 REIQ Awards for Excellence, McGrath North Lakes was proud to represent Queensland in this prestigious category at the National Awards in Melbourne.

Providing advice and support at the Housing Older Women Support Service Coffee Catch-Up in Caboolture — this month it was Caroline's turn to attend.

Caroline also represented McGrath North Lakes at the Miracle Mum's Movement Charity Launch which provided workshops to support women rebuilding after domestic and family violence.

07 3888 0098
northlakes@mcgrath.com.au
@mcgrathnorthlakes
McGrath North Lakes