Mecca
Property Group

THE 2026 FEDERAL BUDGET

The 2026 Budget Guide

Every change that touches your property, in plain English. Every date that matters. And the moves that still work.

- Whether you are grandfathered or caught
- What “negative gearing is gone” really means for your cash flow
- The super borrowing change almost nobody saw coming
- The strategies, and the exact moves, that still work

THE 5-MINUTE VERSION

The headlines panicked. Here is the calm version.

The 2026 Budget rewrote the rules for property: negative gearing, capital gains tax and family trusts. A few weeks later the government also closed off borrowing inside self-managed super for residential property. Here is what actually changed, whether you are protected or affected, and what to do.

NEGATIVE GEARING

Limited to new builds

From 1 July 2027. Anything you owned before budget night is grandfathered. Commercial is untouched.

CAPITAL GAINS TAX

50% discount replaced

An inflation-based discount plus a 30% minimum, on gains made after 1 July 2027 only.

FAMILY TRUSTS

A 30% floor

On discretionary trust distributions from 1 July 2028, with exemptions and time to restructure.

SUPER BORROWING

No new resi loans

SMSFs can no longer borrow for residential from about 10 August 2026. Commercial stays borrowable.

First, the good news

If you owned your property before budget night, 7:30pm on 12 May 2026, you are largely grandfathered. The rules that applied when you bought still apply to you. The changes are aimed mostly at what you buy next, and how.

BUDGET NIGHT, 12 MAY 2026

Change one: negative gearing

WHAT CHANGED

Limited to new builds from 1 July 2027

The rule. From 1 July 2027, negative gearing on residential property is limited to new builds. The deduction against your other income is being narrowed for established stock.

Grandfathered or caught. Own it before budget night, nothing changes. Buy a new build, you keep the benefit. Buy an established property after budget night, you can still offset losses against your rental income and carry losses forward, but no longer against your wages.

What it means. For new established purchases the yearly tax refund on a loss is deferred, not lost. It makes the property’s own cash flow matter more than ever.

IN PLAIN NUMBERS

Say you buy an established investment after budget night and it runs at a **$15,000 loss** in year one. Before, you could deduct that against your salary and get money back at tax time. Now you **carry the $15,000 forward** and offset it against that property's future rental profit or a future capital gain. **The deduction is not gone, the timing changes.** The lesson: buy properties that move toward paying for themselves, fast.

The quiet detail most people miss

Properties held in superannuation funds and widely held trusts are exempt from the negative gearing change, alongside new builds and build-to-rent. Commercial property keeps the existing rules entirely.

BUDGET NIGHT, 12 MAY 2026

Change two: capital gains tax

WHAT CHANGED

The 50% discount is being replaced

The rule. The flat 50% CGT discount is replaced with a discount based on inflation, plus a minimum 30% tax on gains, from 1 July 2027.

Grandfathered or caught. Gains you made before 1 July 2027 keep the 50% discount. Only gains after that date use the new rules. Buyers of new builds can choose either method.

What it means. You are taxed on your real, after-inflation gain. Long-term holders are far less affected than short-term sellers.

HOW THE BLENDED DISCOUNT WORKS

Imagine you bought years ago and sell in 2030. The growth up to **1 July 2027** still gets the old **50% discount**. Only the growth after that date uses the new inflation-based method with the 30% floor. **Long holders keep most of the old benefit; the change bites hardest on quick, post-2027 sales.**

Change three: family trusts

WHAT CHANGED

A 30% floor on distributions from 1 July 2028

The rule. A minimum 30% tax applies to distributions from discretionary trusts from 1 July 2028. Super funds and widely held trusts are excluded, and there are three years of rollover relief to restructure.

Grandfathered or caught. Distributing rent to a lower-income family member no longer drops to their tax rate; it is taxed at 30% minimum. A “bucket company” beneficiary can end up taxed twice.

What it means. If you hold property in a family trust, book a structuring review well before 2028. There is time to plan, not to panic.

THE CHANGE FOR INVESTORS, 23 JUNE 2026

Super can no longer borrow for residential

Six weeks after the Budget, the government accepted a Greens amendment that removes residential borrowing inside self-managed super. It commences about 10 August 2026.

WHAT CHANGED

No new residential borrowing inside super

The rule. A self-managed super fund can no longer take out a new loan (a Limited Recourse Borrowing Arrangement) to buy residential property. Commercial property is completely unaffected.

Grandfathered or caught. Existing super loans are fully grandfathered, and you can refinance them. You can still buy residential with cash. And you can still borrow inside super for commercial property, that door stays open.

What it means. Commercial is now the borrowable path inside super, and for most investors the cleaner play.

THE WINDOW THAT MATTERS

If you want to borrow for a residential property inside super, you must **exchange contracts before commencement (about 10 August 2026)**. Settlement can happen after. Lenders are already tightening, so the practical advice is simple: **get a pre-approval first, then move.**

IF RESIDENTIAL BORROWING IS OFF THE TABLE

Four ways to use super now

The borrowing change does not close super to property. It changes the shape of the play. These are the routes that remain open.

OPTION ONE

Buy commercial inside the SMSF

Borrowing for commercial is unaffected. Offices, warehouses and retail are all still on the table, and commercial pays a real income with the tenant covering the outgoings.

OPTION TWO

An ungeared unit trust

Pool capital, often with family, and buy a property outright with no debt. Strong returns where the yield is good and there is upside to add.

OPTION THREE

Equity partner in a development

The fund takes an equity position in a project rather than borrowing to buy. One to map carefully with your accountant.

OPTION FOUR

Invest through a property fund

Use the fund to invest in a managed property vehicle, gaining exposure without holding the asset directly.

CLEARING THE NOISE

Myths versus reality

"Negative gearing has been abolished."

Reality. It is limited to new builds, and everyone who owned before budget night is grandfathered. Buyers of established stock can still offset rental income and carry losses forward.

"I should sell before the rules hit."

Reality. If you are grandfathered, selling is the single thing that loses you the benefit. For most holders, the move is to hold and optimise.

"You can't hold property in super anymore."

Reality. Only new residential borrowing is closed. You can still buy residential with cash, you can still borrow for commercial, and existing loans are grandfathered.

"Capital gains tax has doubled."

Reality. The 50% discount is replaced with an inflation-based one plus a 30% floor, and only on gains made after 1 July 2027. Earlier gains keep the old discount.

"Family trusts are finished."

Reality. A 30% floor applies from 2028, with several exemptions and three years of relief to restructure. It is a planning task, not an emergency.

FIND YOURSELF HERE

What it means for you

The existing investor	You are largely grandfathered. Hold, keep rents and deductions current, and get a structuring review. Reacting is the risk, not the rules.
The homeowner thinking of investing	The rules now reward buying for income, not for a deduction. An established asset you can make cash-flow positive is the play.
The first home buyer	Your best window in years. Less investor competition in the established market. Use the available schemes and get the strongest pre-approval you can.
The family-trust owner	Review your structure before 1 July 2028. There is rollover relief, but the planning is best done early, not at the deadline.
The SMSF investor	If you want to borrow for residential, exchange before about 10 August 2026. Otherwise, commercial inside super is the borrowable path.
The business owner or pre-retiree	Commercial income, and where eligible owning your own premises inside super, lines up exactly with the lanes the Budget left open.

WHAT STILL WORKS

Four moves under the new rules

1. Buy established, then engineer the income. An established house on a bigger block, with a granny flat to lift the rent, builds for income and growth, not for a tax deduction. When the property pays for itself, losing the deduction barely registers.

2. Commercial for income. Commercial keeps the old rules, pays a real income, has the tenant cover the outgoings, and lets the income drive the value. It is also the only borrowable path left inside super.

3. First home buyers, this is your window. Less investor competition in the established market. Use the available schemes and get the strongest pre-approval you can.

4. Do not sell in a panic. If you are grandfathered, selling is the thing that loses you the benefit. Move deliberately, not reactively.

Your next 90 days

- [ ] Confirm whether you are grandfathered, the date you bought or exchanged decides it.
- [ ] If you plan to buy soon, get the strongest pre-approval you can while lenders settle.
- [ ] If you hold property in a family trust, book a structuring review.
- [ ] If you have an SMSF and want a residential purchase, move before about 10 August 2026.
- [ ] Review every property you own, rents up to date, deductions captured.
- [ ] Map a 5 to 10 year plan to your own numbers, not to a headline.

MARK YOUR CALENDAR

The dates that matter

Date	What happens
12 May 2026, 7:30pm	Budget night. Negative gearing, capital gains and trust changes announced. Super is exempt.
26 June 2026	The super residential borrowing ban receives Royal Assent.
~10 August 2026	The super residential borrowing ban commences. Exchange before this date to stay protected.
1 July 2027	Negative gearing limit and capital gains tax reforms take effect.
1 July 2028	Minimum 30% tax on discretionary trust distributions begins.

A quick self-check

If you...	Then...
Owned before 7:30pm, 12 May 2026	Grandfathered. The old rules still apply to you.
Buy a new build after budget night	Keep negative gearing, and choose your CGT method.
Buy established after budget night	Offset rental income and carry losses forward only.
Hold property in a family trust	30% floor on distributions from 1 July 2028.
Have an existing super property loan	Grandfathered. Refinancing is allowed.
Want a new super residential loan	Exchange before about 10 August 2026.
Want commercial inside super	Unaffected. You can still borrow for it.

The terms, decoded

Grandfathering	Your existing arrangements keep the rules that applied when you set them up, even after the law changes.
Negative gearing	Claiming a property’s yearly loss (interest and costs above rent) to reduce your taxable income.
LRBA	Limited Recourse Borrowing Arrangement, the loan structure a self-managed super fund uses to buy property.
Blended CGT	The old 50% discount on gains made up to 1 July 2027, and the new inflation-based method on gains after it.
Bucket company	A company set up to receive trust income and cap the tax rate. Affected by the new trust rules.

THE BOTTOM LINE

What the changes add up to

Strip away the noise and the 2026 Budget points in one direction. The tax system now rewards income over deductions, and holding over flipping, and it leaves two lanes wide open.

Established residential, bought for cash flow

Negative gearing mattered less the moment a property could pay for itself. The established house you can make positive, with a granny flat or a smart improvement, builds equity and income at the same time.

Commercial, for a real income

Untouched by the negative gearing and capital gains changes, and the only path you can still borrow for inside super. The tenant covers the costs, the income drives the value, and it keeps paying when you choose to work less.

The investors who do best from here will not be the ones who panicked or sat still. They will be the ones who moved deliberately, with a plan mapped to their own numbers, not to a headline.

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YOUR SITUATION IS NOT GENERAL

Want this mapped to your numbers?

This guide is general. Your equity, your income, your timeline and your structure are not. On a free 20-minute discovery call, the Mecca Property Group team maps where you actually stand, whether you are grandfathered or affected, and the one move that fits, whether or not we ever work together.

Book your discovery call →

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$350M+	450+	300+	5.0★
ACQUIRED	PURCHASES	INVESTORS	200+ REVIEWS