



## Federal Budget 2025–26

### Economic Update

- **Forecast Budget Positions**

- 2024-25 -\$27.6bn deficit (up from -\$28.3bn deficit previously forecasted)
- 2025-26 -\$42.1bn deficit (up from -\$42.8bn deficit previously forecasted)
- 2026-27 -\$35.7bn deficit (down from -\$26.7bn deficit previously forecasted)
- 2027-28 -\$37.2bn deficit (down from -\$24.3bn deficit previously forecasted)
- 2028-29 -\$36.9bn deficit

- **GDP**

- 2024-25 1.50% (down from 2.00% previously forecasted)
- 2025-26 2.25% (unchanged)
- 2026-27 2.50% (down from 2.75% previously forecasted)
- 2027-28 2.75% (unchanged)
- 2028-29 2.75%

- **Unemployment Rate**

- 2024-25 4.25% (down from 4.50% previously forecasted)
- 2025-26 4.25% (down from 4.50% previously forecasted)
- 2026-27 4.25% (down from 4.50% previously forecasted)
- 2027-28 4.25% (unchanged)
- 2028-29 4.25%

- **CPI**

- 2024-25 2.50% (down from 2.75% previously forecasted)
- 2025-26 3.00% (up from 2.75% previously forecasted)
- 2026-27 2.50% (unchanged)
- 2027-28 2.50% (unchanged)
- 2028-29 2.50%

- **Gross Debt**

- 2024-25 \$940bn (up from \$934bn previously forecasted)
- 2025-26 \$1.022tn (up from \$1.007tn previously forecasted)
- 2026-27 \$1.092tn (up from \$1.064tn previously forecasted)
- 2027-28 \$1.161tn (up from \$1.112tn previously forecasted)
- 2028-29 \$1.223tn

- **Net Debt**

- 2024-25 \$556.0bn (up from \$552.5bn previously forecasted)
- 2025-26 \$620.3bn (up from \$615.5bn previously forecasted)
- 2026-27 \$676.3bn (up from \$660.0bn previously forecasted)
- 2027-28 \$714.1bn (up from \$697.5bn previously forecasted)
- 2028-29 \$768.2bn

## ATO-specific Budget Measures

### Strengthening Tax Integrity

The Government will strengthen the fairness and sustainability of Australia's tax system by providing \$999.0 million over four years to the Australian Taxation Office (ATO) to extend and expand tax compliance activities.

Additional funding includes:

- \$717.8 million over four years from 1 July 2025 for a two-year expansion and a one-year extension of the Tax Avoidance Taskforce. This supports the ATO's continued tax compliance scrutiny on multinationals and other large taxpayers.
- \$155.5 million over four years from 1 July 2025 to extend and expand the Shadow Economy Compliance Program to reduce shadow economy behaviour such as worker exploitation, under-reporting of taxable income, illicit tobacco and other shadow economy activity that enables non-compliant businesses to undercut competition.
- \$75.7 million over four years from 1 July 2025 to extend and expand the Personal Income Tax Compliance Program. This will enable the ATO to continue to deliver a combination of proactive, preventative and corrective activities in key areas of non-compliance.
- \$50.0 million over three years from 1 July 2026 to extend the Tax Integrity Program. This will enable the ATO to continue its engagement program to ensure timely payment of tax and superannuation liabilities by medium and large businesses and wealthy groups.

This measure is estimated to increase receipts by \$3.2 billion over five years from 2024–25, and increase payments by \$1.4 billion, including an increase in GST payments to the states and territories of \$402.6 million and \$31.0 million in unpaid superannuation to be disbursed to employees.

### Fringe Benefits Tax Changes

No Specific Budget Measures announced.

### Individual Income Tax Rate Changes

#### Personal Income Tax – new tax cuts for every Australian taxpayer

The Government will deliver new tax cuts to every Australian taxpayer from 1 July 2026.

These tax cuts are in addition to the first round of tax cuts for every taxpayer that the Government legislated last year, which have been rolling out since 1 July 2024.

Under the Government's new tax cuts:

- From 1 July 2026, the 16 per cent rate will be reduced to 15 per cent.
- From 1 July 2027, the 15 per cent rate will be reduced further to 14 per cent.

This measure is estimated to decrease receipts by \$17.1 billion over five years from 2024–25.

#### Personal Income Tax – increasing the Medicare levy low-income thresholds

The Government will increase the Medicare levy low-income thresholds for singles, families, and seniors and pensioners from 1 July 2024 to provide cost-of-living relief. The increase to the thresholds ensures that low-income individuals continue to be exempt from paying the Medicare levy or pay a reduced levy rate.

The increase to the thresholds is estimated to decrease receipts by \$648.0 million over five years from 2024–25.

The threshold for singles will be increased from \$26,000 to \$27,222. The family threshold will be increased from \$43,846 to \$45,907. For single seniors and pensioners, the threshold will be increased from \$41,089 to \$43,020. The family threshold for seniors and pensioners will be increased from \$57,198 to \$59,886. The family income thresholds will increase by \$4,216 for each dependent child or student, up from \$4,027.

## Small Business Budget Measures

### Small Business and Franchisee Support and Protection

The Government will provide \$12.0 million over four years from 2025–26 to support and protect small businesses.

Funding includes:

- \$7.1 million over two years from 2025–26 for the Australian Competition and Consumer Commission to strengthen regulatory oversight of the Franchising Code of Conduct
- \$3.0 million over four years from 2025–26 for the Australian Securities and Investments Commission to improve its data analytics capability to better target enforcement activities to deter illegal phoenixing activities, particularly in the construction sector
- \$1.2 million in 2025–26 to partner with White Box Enterprises to establish a Social Enterprise Loan Fund to offer small loans to social enterprises, including work integration social enterprises, to support employment for disadvantaged Australians
- \$0.8 million in 2025–26 for Treasury to develop and consult on options to extend protections against unfair trading practices to small businesses and protect businesses regulated by the Franchising Code of Conduct from unfair contract terms and unfair trading practices.

## Superannuation Budget Measures

No Specific Budget Measures announced.

## Other Business Measures

### Building Australia's Future – Increased Support for Apprentices

The Government will provide \$722.8 million over four years from 2025–26 to deliver increased support for apprentices.

Funding includes:

- \$626.9 million over four years from 2025–26 to reframe the New Energy Apprenticeships Program as the Key Apprenticeship Program and expand it to capture critical residential construction occupations
- \$77.8 million over four years from 2025–26 to extend the current interim Australian Apprenticeship Incentive System program settings for a further six months from 1 July 2025 to 31 December 2025
- \$11.0 million over four years from 2025–26 to increase the Disability Australian Apprentice Wage Support subsidy
- \$7.0 million over four years from 2025–26 to increase the Living Away From Home Allowance.

### Supporting the Hospitality Sector and Alcohol Producers

The Government will pause indexation on draught beer excise and excise equivalent customs duty rates for a two-year period, from August 2025. Under this measure biannual indexation of draught beer excise and excise equivalent customs duty rates due to occur in August 2025, February 2026, August 2026, and February 2027 will not occur. Biannual indexation will then recommence from August 2027.

The Government will also increase support available under the existing Excise remission scheme for manufacturers of alcoholic beverages (the Remission scheme) and Wine Equalisation Tax (WET) producer rebate (Producer rebate). Currently, all eligible brewers and distillers can receive an excise remission under the Remission Scheme up to a cap of \$350,000. All eligible wine producers can currently receive a WET rebate up to a cap of \$350,000 under the Producer rebate. This measure will increase the caps for all eligible brewers, distillers and wine producers to \$400,000 per financial year, from 1 July 2026.

## Other Tax related Budget Measures

### Amendments to Existing Measures

The Government will amend the tax laws to clarify arrangements for managed investment trusts, to ensure legitimate investors can continue to access concessional withholding tax rates in Australia complementing the Australian Taxation Office's strengthened guidelines to prevent misuse. This measure will apply to fund payments from 13 March 2025. The Government will also defer the start dates of the following measures:

- The 2023–24 Budget measure Extending the clean building managed investment trust withholding tax concession from 1 July 2025 to the first 1 January, 1 April, 1 July or 1 October after the Act receives Royal Assent.
- The 2024–25 Budget measure Strengthening the foreign resident capital gains tax regime from 1 July 2025 to the later of 1 October 2025 or the first 1 January, 1 April, 1 July or 1 October after the Act receives Royal Assent.

### Enhancing Tax Practitioner Regulation and Compliance

The Government will strengthen the sanctions available to the Tax Practitioners Board (TPB), modernise the registration framework for tax practitioners and provide funding to the TPB to undertake additional compliance targeting high-risk tax practitioners over four years from 1 July 2025.

This measure will protect taxpayers from tax agent misconduct, including poor and unlawful tax advice, and maintain community confidence in the integrity of the tax system.

It will also support the sustainability of the tax profession by increasing the ease of re-entry for tax and business activity statement agents who take career breaks.

## Other Notable Budget Measures

### Additional Support for the Maugean Skate

The Government will provide an additional \$3.0 million over three years from 2025–26 for the Maugean skate captive breeding program to support the increasing number of baby Maugean skates following successful breeding in captivity.

Full points, and a prize for anyone who can tell me, without Googling, what a Maugean Skate is.

### Supporting the Giant Pandas at Adelaide Zoo

The Government will contribute \$3.8 million over five years from 2024–25 (and an additional \$3.8 million from 2029–30 to 2033–34) alongside the South Australian Government to support the Giant Pandas at Adelaide Zoo.

### Establishment of Additional University Study Hubs

The Government will provide funding to establish additional University Study Hubs above the previously committed 20 Regional University Study Hubs and 14 Suburban University Study Hubs.

### Even Cheaper Medicines

The Government will provide \$784.6 million over four years from 2025–26 (and \$236.4 million per year ongoing) to lower the Pharmaceutical Benefits Scheme (PBS) general patient co-payment from \$31.60 to \$25.00 on 1 January 2026.

### Strengthening Medicare

The Government will provide additional funding of \$8.4 billion over five years from 2024–25 (and \$2.5 billion per year ongoing) to increase access to bulk billing, including: \$7.9 billion over four years from 2025–26 (and \$2.4 billion per year ongoing) to expand eligibility for bulk billing incentives to all Australians and introduce the new Bulk Billing Practice Incentive Program for general practices if they bulk bill every visit under Medicare.

### Strengthening Medicare – Expanding Medicare Urgent Care Clinics

The Government will provide \$657.9 million over three years from 2025–26 to expand the Medicare Urgent Care Clinics Program. This will include an additional 50 Medicare Urgent Care Clinics across Australia, which will take the total number of Medicare Urgent Care Clinics to 137.

### **Building Australia's Future – Support for Australian Made Metals**

The Government will provide \$3.2 billion over 19 years from 2024–25 to invest in the future of Australia's metals industry. Funding includes:

- \$2.0 billion over 19 years from 2024–25 for Green Aluminium Production Credits to provide production based grants to support Australian aluminium smelters switching to renewable electricity before 2036. This would be provided to eligible Australian Aluminium production facilities over a period of 10 years
- \$1.0 billion over seven years from 2024–25 for the Green Iron Investment Fund to fund green iron projects through capital grants to support producers to establish or transition into low emissions facilities in Australia, including up to \$500 million earmarked to transform the Whyalla Steelworks. The funding profile for this measure is not for publication (nfp) due to commercial sensitivities
- \$219.3 million over two years from 2024–25 to provide immediate on the ground support and to stabilise the Whyalla Steelworks during administration.

### **Building Australia's Future – Completing the NBN Fibre Upgrades**

The Government will provide an equity investment of up to \$3.0 billion over seven years from 2024–25 to NBN Co to upgrade the remaining 622,000 National Broadband Network (NBN) premises on the national fibre-to-the-node (FTTN) network with NBN Co also contributing more than \$800 million to the project.

The additional investment will support more than 94 per cent of Australia's fixed line footprint to have access to gigabit speeds by 2030.

### **Energy Bill Relief Fund Extension**

The Government will provide \$1.8 billion over two years from 2025–26 to continue energy bill rebates of \$75 per quarter for eligible Australian households and small businesses until 31 December 2025 to provide cost-of-living relief.

### **Treasury Portfolio – additional resourcing**

The Government will provide \$219.2 million over four years from 2025–26 to support the delivery of Government priorities in the Treasury portfolio, including:

- an increase in the cap on the Commonwealth's guarantee of Housing Australia's liabilities from \$10 billion to \$26 billion including support for commitments for projects under the Housing Australia Future Fund and the National Housing Accord Facility
- \$207.0 million over two years from 2025–26 to deliver the second tranche of stabilisation and uplift of the Australian Securities and Investments Commission's (ASIC) business registers
- \$4.6 million over four years from 2025–26 to continue the National Housing Delivery Coordinator
- \$3.9 million in 2025–26 for the Australian Competition and Consumer Commission to extend the National Electricity Market Inquiry and enforcement activities to protect consumer price outcomes and ensure electricity providers comply with their obligations
- \$2.9 million over three years from 2025–26 to assist fresh produce suppliers to understand and enforce their rights under the Food and Grocery Code to achieve more favourable commercial outcomes when negotiating with large grocery businesses
- \$0.8 million in 2025–26 for the Treasury to reform Australia's financial reporting governance arrangements.