

The Next Move

June 2026

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Act Before 30 June: Your Trust Distribution Deadline

The Deadline That Cannot Be Missed

If your family or business affairs include a discretionary trust, there is one date that cannot be missed: 30 June. Each financial year, the trustee must make and document a formal resolution setting out how the trust's income will be distributed among its beneficiaries. The resolution must be signed and dated before midnight on 30 June — no exceptions.

Miss the deadline and the consequences are immediate. The ATO will tax the undistributed trust income at the top marginal rate of 45%, plus the Medicare Levy. This is not a penalty that can be argued away after the fact. The 2025 Goldenville Family Trust case in the Administrative Review Tribunal made this unmistakably clear: the ATO is actively rejecting resolutions that appear to have been prepared after the event, and is scrutinising documentation for any signs of backdating.

The resolution does not need to include exact dollar amounts — a reasonable estimate of income and a clear statement of each beneficiary's entitlement is sufficient. But it must

exist, it must be in writing, and it must be dated on or before 30 June. If you have not yet spoken to us about your trust's distribution strategy for this financial year, please do so immediately.

Farewell to the Bucket Company — Probably

This year may also mark the beginning of the end for one of the more well-known strategies in Australian tax planning: the bucket company. A bucket company is simply a private company used as a beneficiary of a discretionary trust, designed to capture trust income at the flat 25–30% corporate tax rate rather than having it flow through to individual beneficiaries at higher marginal rates.

The Government's proposed 30% minimum tax on discretionary trust income — if legislated — would largely remove this benefit. Under the proposed rules, corporate beneficiaries would not receive a credit for tax already paid at the trustee level, creating the potential for layered taxation that makes the structure far less attractive, or in some cases actively counterproductive.

No legislation has passed yet, and the proposal is subject to consultation. With the changes flagged to apply from 1 July 2028, the 2025–26 and 2026–27 financial years are likely the last two in which the bucket company strategy operates freely in its current form. If you are currently using this structure, it is worth discussing with us whether any adjustments are appropriate before the rules change.

┌ If your family or business affairs include a discretionary trust, we need to finalise your distribution resolution before 30 June — this is a hard deadline with no exceptions. Please contact us as soon as possible so we can work through your trust's distribution strategy together. └



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We specialise in advising Small to Medium Businesses (SMEs) through all stages of a business life-cycle — from inception, through growth and maturity to an exit strategy.

Payday Super Starts 1 July — Is Your Payroll Ready?

What Is Changing

From 1 July 2026, Payday Super ends the long-standing practice of paying superannuation guarantee contributions quarterly, replacing it with a requirement to pay super on every payday — and to have those contributions received by the employee's fund within 7 business days. For many small business employers, this will require real changes to payroll processes, cash flow planning, and in some cases the software or clearing house used to make super payments.

Under the current rules, employers have until the 28th day after each quarter ends to pay super. From 1 July, that buffer disappears entirely. Super becomes a real-time payroll obligation, calculated and paid every pay cycle, whether weekly, fortnightly, or monthly. The ATO will also be matching Single Touch Payroll (STP) data against super fund receipt data in near real time — meaning the ATO will know almost immediately if a contribution is late.

The Penalties for Getting It Wrong

If contributions do not reach an employee's fund within 7 business days of payday, the super guarantee charge (SGC) automatically applies. The SGC is assessed by the ATO — either following a voluntary disclosure statement lodged by the employer, or on the ATO's own initiative. It includes notional earnings (interest compounding daily at the general interest charge rate) and an administrative uplift of up to 60% of the shortfall plus notional earnings, which can be reduced by a clean compliance record and/or timely voluntary disclosure.

From 1 July 2026, penalties for unpaid SGC are 25% or 50% of the unpaid SGC (depending on prior penalty history), applying if the SGC remains unpaid 28 days after assessment. The 7-day window extends to 20 business days for the first contribution to a new employee's fund, or the first contribution to a new fund when an existing employee changes funds.

Three Things to Check Right Now

- 1** Check your payroll software. Confirm with your provider that their system is updated for Payday Super from 1 July. Most major providers — Xero, MYOB, Employment Hero, KeyPay — are ready, but you need to confirm your specific version and settings are configured correctly.
- 2** Check your clearing house. The ATO's free Small Business Superannuation Clearing House (SBSCH) is closing. If you currently use it, you must transition to a SuperStream-compliant alternative before 1 July. Do not leave this until the last week.
- 3** Check your cash flow. Paying super every pay run instead of quarterly means cash leaves your account far more frequently. If your business relies on the quarterly super buffer to manage cash flow, you need to plan for this now.

The shift to Payday Super requires action before 1 July — your payroll software, clearing house arrangements, and cash flow all need reviewing now. Please get in touch so we can make sure everything is in order before the first pay run under the new rules.



How the Budget's New Trust Tax Affects Your Will

What the Government Has Announced

The 2026 Budget proposes a 30% minimum tax on the taxable income of discretionary trusts, to take effect from 1 July 2028. This includes testamentary discretionary trusts created through a will. Under the current rules, trust income flows through to beneficiaries and is taxed at their individual marginal rates. The proposed change would require the trustee to pay at least 30% tax before any distribution is made.

The proposal draws a clear distinction: discretionary testamentary trusts already in existence at Budget night (12 May 2026) are expected to be excluded; those established after Budget night will be subject to the 30% minimum tax; and fixed testamentary trusts are explicitly excluded altogether. No legislation has been introduced to Parliament yet — the design is subject to consultation and may change.



Why Your Will Needs to Be Built for Flexibility

The instinctive reaction may be to simply make your will create a fixed trust instead of a discretionary one, and avoid the tax entirely. The problem is that this trades a potential future tax cost for a very real and immediate loss of protection. The primary purpose of a discretionary testamentary trust has always been asset protection — not tax minimisation.

A discretionary trust gives the trustee the power to determine each year who among a class of beneficiaries receives income and capital. No beneficiary holds a fixed, attachable interest in the trust assets — making it far harder for creditors, a separating spouse, or a litigation claimant to reach the estate's wealth. A fixed trust, by contrast, locks in each beneficiary's entitlement — and that fixed interest can, in many circumstances, be reached by creditors or taken into account in family law proceedings.

The Solution: A Will That Decides Later

A well-constructed will can give the executor the power to establish either a discretionary or a fixed testamentary trust — or a combination of both — based on the law and circumstances that exist at the time of death. If the 30% tax passes, the executor can assess whether a fixed trust better serves a beneficiary's needs. If the law changes or is defeated, the full discretionary trust option remains available.

Those who do not yet have a will — or whose will does not include testamentary trust provisions — are in a more urgent position. A will drafted now with a flexible executor power preserves all options, protects beneficiaries in the interim, and can be refined once the legislation is settled.

If you have a will that includes testamentary trust provisions — or if you do not yet have a will — now is a good time to review your estate plan in light of the proposed changes. We are happy to walk you through what this means for you and how to keep your options open — please reach out to arrange a time.





Don't Let the Tax Tail Wag the Investment Dog

What Is Changing With Negative Gearing

From 1 July 2027, negative gearing on residential investment properties will be limited to new builds. Investors who purchased an established property before 7:30pm AEST on 12 May 2026 retain their existing arrangements until they sell. Anyone buying an established residential property after that date will no longer be able to offset rental losses against their broader income — losses will be quarantined and can only be applied against future residential property income.

Alongside this, the 50% capital gains tax (CGT) discount will be replaced by inflation-adjusted indexation from 1 July 2027 for most assets, with new builds offered a choice between the old and new arrangements. In short: new properties get the tax benefits. Established properties purchased after 12 May 2026 do not.

The Tax Benefit Is Real — But So Is the Growth Gap

New properties typically carry a price premium over comparable established homes and tend to grow in value more slowly.

You are buying at the top of the construction cost curve with no land value appreciation built in yet, and new estates often lack the scarcity and established amenity that drives long-term growth in established suburbs.

Historically, established properties in quality locations have consistently outperformed new builds in capital growth by approximately 1% per year. Consider an \$800,000 purchase: an established property growing at 6% per annum reaches approximately \$2.57 million after 20 years; a new build at 5% reaches approximately \$2.12 million — a difference of more than \$445,000 on the same starting price. Compare that to the tax benefit: at a top marginal rate of 45%, negatively gearing \$15,000 per year saves around \$6,750 in tax annually — roughly \$33,750 over five years. Meaningful, but a fraction of the long-term growth difference.

What Investors Should Actually Be Asking

The question is not 'which property gives me the tax benefit?' The question is: 'which property will build the most wealth?' That means focusing on fundamentals

— location scarcity, proximity to employment, infrastructure investment, rental demand, and the quality of the land component relative to the building. A new apartment in an oversupplied precinct with negative gearing is still a weaker investment than a well-located established property without it.

If the loss of negative gearing on an established property creates genuine serviceability pressure, that is a real constraint worth planning around. But if the numbers work without the deduction, the long-term growth case for quality established property remains compelling. Tax rules change. Good locations do not.

Property investment decisions are best made on the fundamentals — and with the negative gearing rules changing from 1 July 2027, it is worth reviewing your strategy sooner rather than later. Give us a call to discuss how these changes might affect your current or planned investments.