Capital Gains Tax Changes from 1 July 2027: What Property Owners Need to Know

The Australian taxation landscape will undergo one of its most significant reforms in decades when the Federal Government's Capital Gains Tax (CGT) changes commence on **1 July 2027**. The reforms, announced as part of the 2026–27 Federal Budget, represent a shift away from the long-standing 50 per cent CGT discount towards an inflation-indexed system, accompanied by a minimum 30 per cent tax on capital gains. Transitional arrangements will apply for assets held before the commencement date.

While the reforms have generated considerable discussion across the property, investment and taxation sectors, they also create an important practical consideration for investors and advisers alike: accurately determining the market value of assets as at **1 July 2027**.

What is changing?

For more than 25 years, Australian taxpayers have generally been able to reduce eligible capital gains by 50 per cent where an asset has been held for at least 12 months.

From 1 July 2027, this concession will no longer apply to future capital gains in its current form. Instead:

- the 50 per cent CGT discount will be replaced by an inflation-indexed cost base methodology;
- a minimum 30 per cent tax rate will apply to capital gains under the new regime; and
- transitional provisions will separate gains accrued before and after 1 July 2027.

Importantly, gains that accrue before 1 July 2027 remain protected under the existing rules. Assets acquired before that date will transition into the new regime, with taxpayers generally required to establish the market value of their asset at 1 July 2027 or use an alternative methodology that may be prescribed by the Australian Taxation Office.

Why valuations will become increasingly important

One of the less discussed consequences of the reforms is the increased importance of obtaining an accurate and well-supported valuation at the transition date.

For many property owners, the market value of their asset on **1 July 2027** will effectively establish the starting point for calculating future capital gains under the new regime. A professionally prepared valuation provides an objective assessment of market value based on recognised valuation standards and contemporary market evidence.

For complex property holdings—including commercial, industrial, rural, specialised assets and development sites—a formal valuation may also provide greater certainty should the valuation later be reviewed by the Australian Taxation Office.

Greg Sugars OAM, Chief Executive Officer of Preston Rowe Paterson, believes the reforms will significantly increase demand for independent valuation advice.

"The tax reforms place greater emphasis on establishing an accurate market value at a single point in time. While taxation advice should always be obtained from a qualified accountant or taxation adviser, an independent valuation provides an objective foundation upon which future capital gains calculations may rely."

Mr Sugars noted that many property owners may underestimate the complexity involved.

"Property markets are dynamic and values can vary considerably depending on location, zoning, improvements, planning controls and market conditions. Obtaining a valuation prepared by an experienced Certified Practising Valuer provides confidence that the assessment reflects recognised professional standards."

Which assets may be affected?

The reforms extend well beyond residential investment property.

Depending upon individual circumstances, valuations may become relevant for a broad range of assets, including:

- commercial office buildings;
- industrial facilities;
- retail property;
- agricultural and agribusiness holdings;
- development land;
- mixed-use properties;
- certain business real property;
- investment portfolios containing real estate interests; and
- pre-CGT assets that continue to be held after 1 July 2027.

Planning ahead

Although the reforms do not commence until 1 July 2027, property owners may benefit from considering their position well in advance.

Early planning allows owners to:

- understand how the transitional rules may apply to their circumstances;
- identify assets that may require a formal valuation;
- assemble supporting documentation; and
- seek appropriate taxation advice before important decisions are made.

Professional advisers—including accountants, financial advisers, lawyers and valuers—are expected to work closely together as clients prepare for the transition.

A measured approach

The reforms represent a significant structural change to Australia's taxation system and are likely to influence investment decision-making for many years.

However, each taxpayer's circumstances are different. The financial impact will depend on factors including acquisition date, holding period, asset type, future inflation, market performance and individual tax circumstances.

Mr Sugars emphasised that decisions should not be made solely because of the legislative changes.

"These reforms reinforce the importance of informed decision-making. Investors should seek advice from their accountant or taxation adviser regarding the tax implications, while ensuring any valuation evidence relied upon is prepared independently and to the highest professional standard."

As Australia approaches the commencement of the new CGT regime, one thing is becoming increasingly clear: accurate property valuations will play a far more prominent role in supporting taxation compliance and providing confidence in future capital gains calculations.