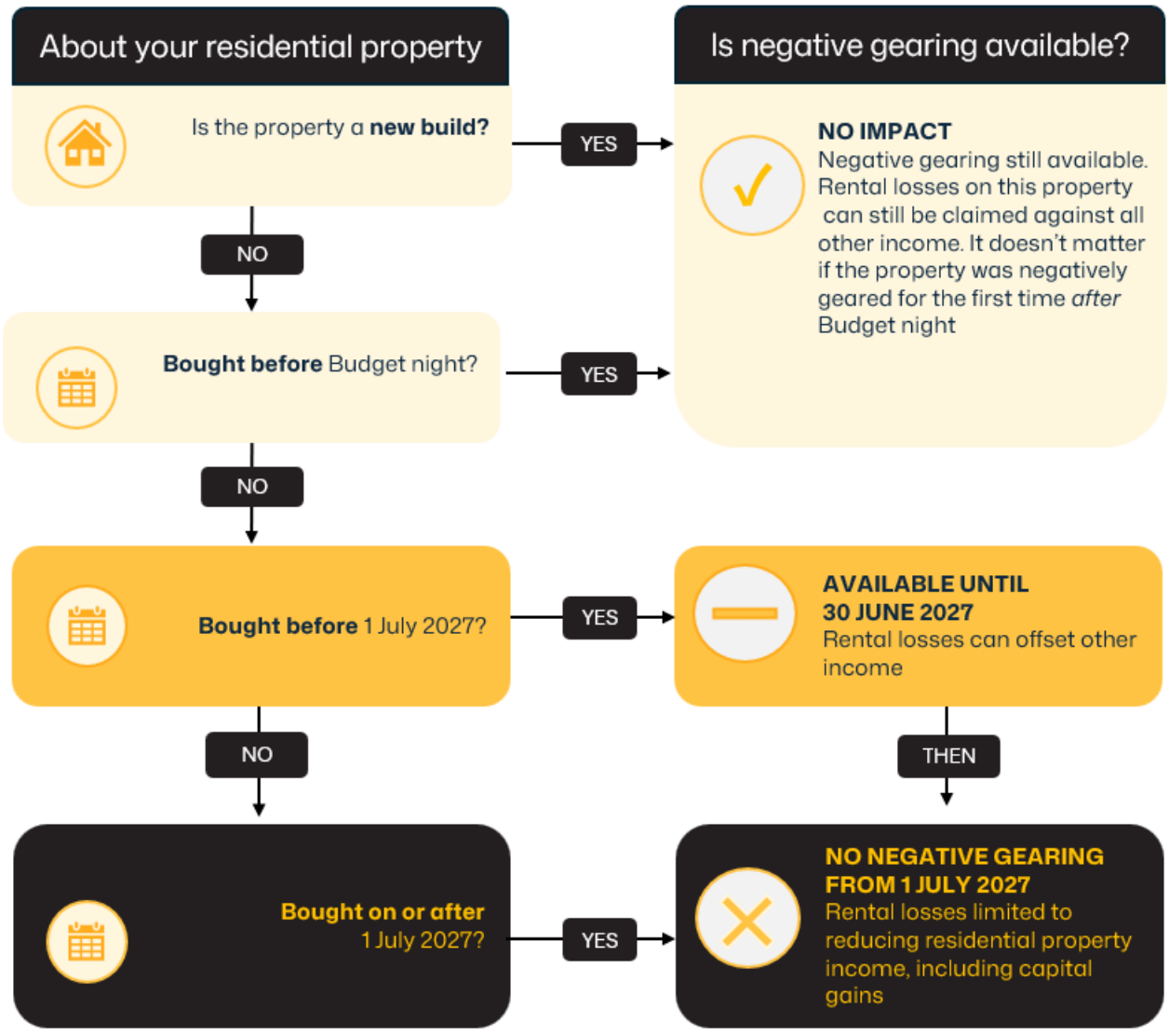
Changes to negative gearing

What the changes mean for you

1 July 2026

Important: Legislation to implement these changes is now law and applies from 1 July 2027. Whether these rules affect you will depend on your circumstances. This incudes whether the property was purchased before 'Budget night' when the measures were announced (which was 7:30pm AEST on 12 May 2026).



Questions to discuss with your adviser

- How does the timing of your purchase impact you?
- If purchasing a property from today, is it a new build?
- If negative gearing is limited how could that impact your cash flow?
- Are there other tax, ownership or structuring issues to consider?

Key questions at a glance

What is negative gearing?

Negative gearing usually happens when the income from an investment property is less than the costs of owning it, such as interest and other deductible expenses. Under the existing rules, that loss may be used to reduce other taxable income, such as salary or wages. What's changed is that established residential properties purchased from Budget night will not be able to use income losses to reduce other taxable income, such as salary, wages and non-residential property investments.

Does the property need to have been negatively geared before Budget night?

No. The key issue is whether the property was already *owned* on Budget night, rather than whether it had already been negatively geared by that time. You 'own' a property for this purpose if you've entered into a contract to purchase it. It does not need to have settled before that time.

However, this doesn't mean you can refinance the property or change your loan arrangements and automatically start benefiting from negative gearing. When you borrow money, including through refinancing or a redraw facility, what matters is the purpose of the borrowed funds. If you already own the property, borrowing against it later won't mean the new loan is treated as being used to acquire that property, and that loan costs are tax deductible.

So, although there is no requirement for the property to have been negatively geared before Budget night, that does not mean a later debt restructure will create tax benefits in the way you might expect.

What counts as a new build?

At a high level, a new build is intended to cover property that adds to housing supply. Examples include:

New build	Not a new build
Building a dwelling on vacant land	A renovation or extension to an existing dwelling
Buying a newly constructed dwelling that has not previously been sold	A like-for-like rebuild that does not increase the number of dwellings
Redeveloping a site so it results in more dwellings, such as replacing one home with two	A property that is already treated as an established dwelling

Is property still a good investment if negative gearing isn't available?

That will depend on your goals, cash flow, risk tolerance and the property itself. Negative gearing can affect the after-tax cost of holding a property, but it is only one factor to consider when investing. Rental income, potential capital growth, interest costs, maintenance costs and how the investment fits with your broader goals will still matter. Your financial adviser can discuss these things with you.

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