

2025 Federal Election

Snapshot of the key tax policies

*Editor: The Federal Election has been a primary focus over the last few months and tax policy has been a source of much of the political debate. The table below outlines **some of the key ALP and Coalition tax policies** in the interests of providing a summary of what is effectively 'on the table' from a tax perspective when Australia goes to the polls on 3 May 2025.*

Tax Reform Comparison	
Key ALP Tax Policies	Comparable Coalition Tax Policies
<p>The ALP has committed to delivering the new tax cuts it announced in the 2025/26 Federal Budget to individual taxpayers commencing from 1 July 2026.</p> <p>Under the new tax cuts, the current 16% tax rate will be reduced to 15% from 1 July 2026 and the 15% tax rate will be further reduced to 14% from 1 July 2027.</p> <p><i>Ref: These tax cuts have already been legislated in Treasury Laws Amendment (More Cost of Living Relief) Act 2025</i></p>	<p>If elected, the Coalition has indicated it will repeal the personal income tax cuts announced in the Budget which have now become law.</p> <p><i>Ref: Budget 2025: Budget in Reply: Address to the House of Representatives, Canberra, 31 March 2025</i></p>
<p>The ALP has announced it will extend the current temporary \$20,000 instant asset write-off for small businesses by 12 months until 30 June 2026 (i.e., to the 2026 income year).</p> <p><i>Ref: Media Release, 'More tax relief for small businesses under Labor', 4 April 2025</i></p>	<p>If elected, the Coalition has announced its intention to increase the small business instant asset write-off to a permanent \$30,000.</p> <p>Additionally, the Coalition has also committed to provide (for the first 2 years of government), a capped tax deduction of \$20,000 on business-related meal expenses (excluding alcohol) for small business with an accompanying FBT exemption.</p> <p><i>Ref: Budget 2025: Budget in Reply: Address to the House of Representatives, Canberra, 31 March 2025 and 'Our plan for small and family business'</i></p>
<p>No similar policies have been proposed by the ALP.</p>	<p>A proposed Entrepreneurship Accelerator will provide newly incorporated businesses for the first three years of their operation with a tapered tax offset to reduce tax on their first \$200,000 of taxable income.</p> <p>The Coalition has also proposed to provide a small business 'Tech Boost' deduction (for the first two years of government) of \$2,000 for eligible tech upgrades of \$4,000 or more.</p> <p><i>Ref: Media Release, 'Coalition's Plan to get Small Business Back on Track', 19 April 2025</i></p>

Tax Reform Comparison	
Key ALP Tax Policies	Comparable Coalition Tax Policies
<p>The ALP will allow employees to choose a \$1,000 instant tax deduction (with reduced substantiation obligations) as an alternative to claiming their specific individual work-related expense deductions from 1 July 2026.</p> <p><i>Ref: Media Release, 'Tax reform for easier, faster, better tax returns', 13 April 2025</i></p>	<p>If elected, the Coalition has indicated it will provide a one-off cost of living tax offset, whereby eligible individual Australians (earning up to \$144,000) would receive up to \$1,200 in tax relief.</p> <p><i>Ref: Media Release, 'Coalition to deliver targeted cost of living relief', 13 April 2025</i></p>
<p>The ALP have announced it will allow first home buyers access to 5% deposits and invest \$10 billion to build up to 100,000 homes for sale only to first home buyers.</p> <p>The ALP is proposing to do this by guaranteeing a portion of a first home buyer's home loan, so they can buy a home with a 5% deposit and not pay Lenders Mortgage Insurance.</p> <p><i>Ref: Media Release, 'Labor to deliver 5% deposits for all first home buyers and build 100,000 homes', 13 April 2025</i></p>	<p>If elected, the Coalition has proposed a first home buyers mortgage deductibility scheme where eligible first home buyers purchasing newly built homes (including off-the-plan apartments) as their main residence will be eligible to claim a tax deduction. Broadly, this is proposed to apply to interest payments on the first \$650,000 of their mortgage for the first 5 years.</p> <p>Individuals earning in excess of \$175,000 and joint applicants earning in excess of \$250,000 will not be eligible.</p> <p>Furthermore, the Coalition is proposing that first home buyers will be given the choice to access up to \$50,000 from their super towards a deposit to buy their first home. The money initially withdrawn from super would subsequently need to be returned when the house is sold to support retirement.</p> <p>They have also committed to expand eligibility for the home guarantee scheme.</p> <p><i>Ref: Media Release, 'Creating a new generation of first home buyers: first home buyer mortgage deductibility', 13 April 2025 and Coalition Fact Sheets 'More affordable homes' and 'We will deliver more affordable housing'</i></p>
<p>The ALP has announced no intention to scrap the current electric vehicle ('EV') FBT exemption.</p>	<p>If elected, the Coalition has announced it will scrap the current electric vehicle ('EV') FBT exemption.</p> <p><i>Ref: Joint Press Release, 'Coalition to repair labor's budget mess and prepare for global economic shock', 23 April 2025</i></p>
<p>Further to the above, tax policy has also been a focus of the Australian Greens in their 2025 election campaign who have indicated their desire for the following tax related reforms:</p> <ul style="list-style-type: none"> ◆ Phase out of what their documentation refers to as 'tax handouts' including negative gearing and the 50% CGT discount; ◆ Introduce a 40% tax on excess profits for big corporations with over \$100 million in turnover; and ◆ Introduce a 10% tax on the net wealth of Australia's 150 billionaires. <p><i>Ref: The Australian Greens website, Greens Policies: 2025 Election Platform</i></p>	