



Tax on unrealised capital gains – do not proceed	
Party:	The Coalition
Summary of proposal: The proposal would reverse in full the measure announced in the 2023-24 Budget – <i>Better Targeted Superannuation Concessions</i> . ¹ The proposal would start on 1 July 2025.	

Costing overview

The proposal would be expected to decrease the fiscal balance by around \$6.0 billion and underlying cash balances by around \$5.8 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in superannuation earnings tax and personal income tax revenue, which is partially offset by a small decrease in departmental expenses.

The differences between the underlying cash balance and fiscal balance estimates reflect that defined benefit payments are not realised until retirement.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Tax on unrealised capital gains – do not proceed – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-314.0	-659.2	-2,266.6	-2,717.5	-5,957.3
Underlying cash balance	-314.0	-619.2	-2,226.6	-2,677.5	-5,837.3

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- A behavioural allowance has been made for individuals who choose to remove excess balances from the superannuation system.

¹ The *Better Targeted Superannuation Concessions* measure was estimated to increase receipts by \$950.0 million and increase payments by \$47.6 million over the 5 years from 2022-23. In 2027–28, the first full year of receipts collection, the measure was expected to increase receipts by \$2.3 billion. [Budget paper 2, page 15](#).

- Timing assumptions have been made for when taxation revenues are collected on superannuation earning and personal income tax, relative to when the liability is raised. In most cases, we assume that taxes are fully paid within two years of the liability arising.

Methodology

The superannuation earnings tax revenue was estimated using the distribution of superannuation assets and projected over the medium term.

Personal income tax revenue was estimated as per the *Key Assumptions*.

Departmental expenses were based upon the 2023-24 Budget measure.

Financial implications were rounded consistent with the PBO's rounding rules.²

Data sources

The Treasury provided projections over the medium term of revenue and expenditure related to the 2023-24 Budget measure – *Better Targeted Superannuation Concessions* as at the 2023-24 Budget.

Commonwealth of Australia (2023) *Budget 2023-24*, Commonwealth of Australia.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

² <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Tax on unrealised capital gains – do not proceed – Financial implications

Table A1: Tax on unrealised capital gains – do not proceed – Fiscal balance (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Revenue													
Administered tax													
<i>Personal income tax and other individual withholding taxes</i>	-500.0	-750.0	-850.0	-970.0	-1,120.0	-1,290.0	-1,460.0	-1,650.0	-1,890.0	-2,170.0	-2,500.0	-3,070.0	-15,150.0
<i>Superannuation fund taxes</i>	170.0	80.0	-1,420.0	-1,750.0	-2,120.0	-2,510.0	-2,970.0	-3,530.0	-4,140.0	-4,860.0	-5,700.0	-2,920.0	-28,750.0
Total – revenue	-330.0	-670.0	-2,270.0	-2,720.0	-3,240.0	-3,800.0	-4,430.0	-5,180.0	-6,030.0	-7,030.0	-8,200.0	-5,990.0	-43,900.0
Expenses													
Departmental													
<i>Australian Taxation Office</i>	16.0	10.8	3.4	2.5	2.3	2.3	2.3	2.3	2.3	2.3	2.3	32.7	48.8
Total – expenses	16.0	10.8	3.4	2.5	2.3	2.3	2.3	2.3	2.3	2.3	2.3	32.7	48.8
Total (excluding PDI)	-314.0	-659.2	-2,266.6	-2,717.5	-3,237.7	-3,797.7	-4,427.7	-5,177.7	-6,027.7	-7,027.7	-8,197.7	-5,957.3	-43,851.2

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A2: Tax on unrealised capital gains – do not proceed – Underlying cash balance (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Receipts													
Administered tax													
<i>Personal income tax and other individual withholding taxes</i>	-500.0	-710.0	-810.0	-930.0	-1,070.0	-1,240.0	-1,410.0	-1,590.0	-1,830.0	-2,110.0	-2,440.0	-2,950.0	-14,640.0
<i>Superannuation fund taxes</i>	170.0	80.0	-1,420.0	-1,750.0	-2,120.0	-2,510.0	-2,970.0	-3,530.0	-4,140.0	-4,860.0	-5,700.0	-2,920.0	-28,750.0
Total – receipts	-330.0	-630.0	-2,230.0	-2,680.0	-3,190.0	-3,750.0	-4,380.0	-5,120.0	-5,970.0	-6,970.0	-8,140.0	-5,870.0	-43,390.0
Payments													
Departmental													
<i>Australian Taxation Office</i>	16.0	10.8	3.4	2.5	2.3	2.3	2.3	2.3	2.3	2.3	2.3	32.7	48.8
Total – payments	16.0	10.8	3.4	2.5	2.3	2.3	2.3	2.3	2.3	2.3	2.3	32.7	48.8
Total (excluding PDI)	-314.0	-619.2	-2,226.6	-2,677.5	-3,187.7	-3,747.7	-4,377.7	-5,117.7	-5,967.7	-6,967.7	-8,137.7	-5,837.3	-43,341.2

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A3: Tax on unrealised capital gains – do not proceed – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Fiscal balance	-10.0	-30.0	-90.0	-200.0	-340.0	-510.0	-720.0	-970.0	-1,260.0	-1,610.0	-2,030.0	-330.0	-7,770.0
Underlying cash balance	-10.0	-20.0	-80.0	-180.0	-310.0	-470.0	-670.0	-900.0	-1,190.0	-1,520.0	-1,930.0	-290.0	-7,280.0

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary³.

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

³ [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/online-budget-glossary)