

14 October 2025

MEDIA RELEASE

Common sense prevails in Division 296 tax reforms

The Institute of Financial Professionals Australia (IFPA) has applauded the Federal Government's decision to make key amendments to its controversial Division 296 tax proposal, a measure set to tax earnings on superannuation balances above \$3 million.

Under the revised approach, the government will abandon plans to tax unrealised capital gains and introduce indexation for the Division 296 tax threshold, two changes that IFPA has been strongly advocating for since day one.

"This is a win for common sense," said Natasha Panagis, IFPA Head of Technical Services. "The idea of taxing unrealised gains was unfair, complex, and inconsistent with basic tax principles. The government's decision brings much-needed fairness and integrity back to the super system."

Panagis said the changes mean superannuation members will only be taxed on income or gains they have actually realised, not on paper profits or fluctuations driven by market movements.

"These amendments align the policy with sound tax principles, you pay tax on income you've actually earned. This will give Australians greater certainty and confidence in managing their super investments," she said.

IFPA also welcomed the indexation of the Division 296 tax threshold, saying it ensures the system remains fair and reflects economic realities such as inflation, wage growth, and rising living costs.

"Without indexation, younger Australians would have been unfairly caught in the net over time," Panagis said. "A fixed threshold would have quickly become outdated, undermining the very purpose of superannuation as a long-term retirement savings vehicle and creating inequities between generations."

IFPA further praised the government's decision to delay commencement of the measure to 1 July 2026, giving policymakers, super funds, and industry stakeholders more time to refine the details.

"This extension is a sensible move that provides the breathing room needed to get the details right," said Panagis. "We're committed to working constructively with Treasury and other industry stakeholders to ensure the final policy delivers fair and practical outcomes for all members."

IFPA has been one of the leading voices opposing the original Division 296 design, warning of its potential to undermine the fairness and sustainability of Australia's retirement savings system.

- ENDS -



About the Institute of Financial Professionals Australia (IFPA)

The Institute of Financial Professionals Australia (IFPA) is one of the longest-standing bodies supporting the accounting and financial advice community. With a proud history dating back to 1919 originally as Taxpayers Australia, then Tax & Super Australia, IFPA has consistently supported professionals working in tax, superannuation, and financial advice. Today, we represent a vibrant network of more than 35,000 members and supporters, reflecting the strength and resilience of SME-focused practices navigating constant regulatory change. Guided by our three pillars of education, advocacy, and community, IFPA equips members with practical skills and cutting-edge knowledge through high-quality CPE programs. We advocate for fair, sensible policy reform to support SMEs, and create opportunities for professionals to connect, build lasting relationships, and share real-world insights at our events.

Media contact

Natasha Panagis
Head of Technical Services
Phone: (03) 8851 4535
Email: n.panagis@ifpa.com.au