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## MEDIA RELEASE

### Budget 2026-27: The tax and super rules that still need fixing

The Institute of Financial Professionals Australia (IFPA) is calling on the Federal Government to modernise Australia's tax and superannuation systems ahead of the 2026–27 Federal Budget, warning many rules no longer reflect how Australians live, work or retire.

In its latest Pre-Budget submission to Treasury, IFPA has put forward a targeted reform agenda – nine tax recommendations and 17 proposals covering superannuation and financial services all aimed at reducing complexity, improving fairness and supporting long-term financial confidence.

#### **Tax reform: fixing fairness, boosting productivity**

IFPA says Australia needs genuine, broad-based tax reform, warning the current system is no longer fit for purpose and is contributing to weak productivity, growing deficits and intergenerational unfairness.

While strong commodity prices have masked structural weaknesses in recent years, IFPA argues rising spending pressures make long-term reform unavoidable and says tax reform must be part of any strategy to lift productivity and living standards.

Head of Tax Policy Frank Drenth said recent reform efforts have fallen short.

“The September 2025 Tax Roundtable acknowledged the problem, but it was a highly controlled process that failed to deliver clear reform options,” Mr Drenth said. “We need a comprehensive review of the tax and transfer system, with no options ruled in or out from the start.”

A key priority is addressing bracket creep, which continues to push Australians into higher tax brackets without real wage growth. IFPA says personal tax thresholds should be indexed or personal tax rates adjusted to prevent stealth tax increases on working Australians.

“Bracket creep is quietly doing the heavy lifting for revenue, but it comes at the cost of fairness and confidence in the system,” Mr Drenth said.

IFPA is also calling for long-overdue fixes to complex and outdated business tax rules, including Division 7A, trust distribution disclaimers and section 100A, warning ongoing delays and uncertainty are driving up compliance costs for family businesses and advisers.

To support investment and reduce red tape, IFPA is urging the Government to make the instant asset write-off permanent with higher thresholds, repeal or substantially lift the luxury car tax and car depreciation limits and increase the GST registration threshold for not-for-profits.

“These are practical reforms that would boost productivity, reduce complexity and let businesses and charities focus on growth and service delivery rather than tax traps,” Mr Drenth said.

## **Super and financial services reform: rules no longer fit modern Australia**

On superannuation, IFPA is proposing a package of reforms to cut red tape and reduce accidental breaches, including consolidating multiple superannuation thresholds at the \$2 million general transfer balance cap and fixing inconsistent indexation rules that create confusion for members, advisers and the ATO.

Head of Technical Services Natasha Panagis said years of incremental change have left the system cluttered and unnecessarily complex.

“Australians shouldn’t need to navigate a maze of rules to manage their super,” Ms Panagis said. “Aligning thresholds and fixing indexation would go a long way to restoring simplicity and certainty.”

IFPA is also calling for practical contribution reforms, including abolishing the work test for claiming deductions on personal contributions for people aged 67 to 74, streamlining the personal deductible contribution process, and removing barriers that make spouse contribution splitting unnecessarily difficult. The submission also seeks a fix to ensure members are not unfairly penalised when employers pay super guarantee late, which can remove access to carry-forward concessional caps.

A major focus is superannuation death benefits, which IFPA says have barely changed for decades and no longer reflect contemporary family and relationship structures. IFPA is pushing for immediate “quick fixes”, including allowing more than two death benefit lump sums, stopping binding nominations from lapsing after three years, recognising informal nominations where intent is clear, expanding eligible superannuation beneficiaries, and removing the Medicare levy on direct death benefit payments to adult children.

“The death benefit framework hasn’t kept pace with modern life,” Ms Panagis said. “Many Australians have close, enduring relationships with siblings, parents, extended family or even non-family members who are effectively treated as family, yet the super system still doesn’t recognise these relationships.”

“People should be able to direct their super to those they genuinely consider family, without being forced into costly estate workarounds or unfair tax outcomes.”

IFPA is also seeking urgent changes to the punitive non-arm’s length expense and income rules that can taint fund assets and earnings and is calling on the Government and the ATO to resolve ongoing uncertainty around minimum pension payment failures through a legislated safe harbour.

The proposed Division 296 tax on superannuation balances above \$3 million remains a significant concern and will continue to be challenged in 2026.

“If this tax proceeds, it must be credible, equitable and workable,” Ms Panagis said. “In its current form, it is none of those.”

Lastly, from a financial services perspective, IFPA is calling for reforms to improve the affordability and accessibility of financial advice, warning many Australians cannot access timely, affordable advice when they need it most. IFPA supports reducing red tape, allowing qualified accountants to provide strategic superannuation advice within clear boundaries, and granting licensed financial advisers secure, read-only access to the ATO portal to streamline advice delivery and improve client outcomes.

The full Pre-Budget submission is available on the IFPA [website](https://www.ifpa.com.au).

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### **About the Institute of Financial Professionals Australia (IFPA)**

The Institute of Financial Professionals Australia (originally known as Taxpayers Australia, and more recently Tax & Super Australia) has been serving members for over 100 years and is a leading financial professionals association dedicated to fostering excellence and professional development in the tax, accounting, superannuation, financial planning, and advisor fields. With a membership and supporter base of over 35,000 practitioners and a strong commitment to advancing knowledge, promoting ethical practices, and providing valuable resources, the Institute of Financial Professionals Australia empowers professionals to excel in their careers and make significant impact in the industry.

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