Federal Election 2025

What could this mean for you and your finances?

5 May 2025

During the Federal Election campaign, the Government made a number of election promises, which may impact finances. There were also a number of support measures proposed in the recent Federal Budget. What could this mean for you?

These announcements are proposals only and may or may not be made law. The information below, including the policy details and proposed start dates, is based on the information announced to date. You should speak to your financial adviser to discuss how these proposals could apply to you.

Election promises

Taxation

$1,000 instant tax deduction for work-related expenses

Proposed from 1 July 2026

What's proposed?

Taxpayers who have eligible work-related expenses, may be able to claim a tax deduction of up to $1,000 without having to keep individual receipts. It will still be possible to claim work-related expenses above this limit, however evidence will be needed.

Who could benefit?

The deduction will be available to people with 'labour income'. This doesn't include income from running a business or from investments, where the usual rules will continue to apply.

$20,000 small business instant asset write-off extension

Proposed from: 1 July 2025 to 30 June 2026

What's proposed?

The higher instant asset write-off threshold of $20,000, which currently applies until 30 June 2025, is proposed to be extended for another 12 months until 30 June 2026. The threshold is available for more than one asset. Eligible businesses can continue to place assets valued at $20,000 or more into a depreciation pool, where a deduction of 15% can be claimed in the first income year and 30% thereafter.

Who could benefit?

Small businesses with an aggregated annual turnover below $10 million will be able to claim an immediate tax deduction for the full cost of eligible assets costing less than $20,000 that are first used or installed ready for use by 30 June 2026.

Help for home buyers

Expanded 'Help to Buy' scheme

Proposed from: To be confirmed

What's proposed?

The Government has proposed to expand access to the Help to Buy scheme to more home buyers by increasing the property price caps and income test thresholds, which determine eligibility to participate in the scheme.

The scheme is a shared equity scheme, which allows eligible home buyers to purchase a home with a smaller deposit, of as little as 2%. The Commonwealth will contribute up to 30% of the purchase price of an existing home and up to 40% of the purchase price of a new home.

The Help to Buy scheme is expected to open for applications later this year. Although the Federal Government has legislated the scheme, the States and Territories need to pass legislation for it to operate in each jurisdiction

Who could benefit?

Increasing the income cap and property price caps will enable more people to participate in the scheme

For singles, the income cap will increase from $90,000 to $100,000. For joint applicants (and single parents), the income cap will increase from $120,000 to $160,000.

The property price cap will depend on the location of the property and details can be found in the Government's **media release**.

Participants must meet a number of eligibility rules and conditions, including repaying the Government when the home is sold or when certain changes occur in their circumstances So it's very important to understand the rights and responsibilities of participating in the scheme before making an application.

Previously announced measures

Cost of living support

The below proposals were announced by the Government in the March 2025 Federal Budget.

Energy bill relief extended for six months

Proposed from: July 2025

What's proposed?

The Government will provide further energy rebates in addition to the bill credits people have received since July 2024.The rebate will be applied automatically to electricity bills between 1 July and 31 December 2025, in two quarterly instalments of $75.

Who could benefit?

All Australian households and eligible small businesses will receive the additional energy rebate. It's expected the eligibility rules that apply to small businesses (quarterly power consumption) will not change.

Lower cap for PBS medicines

Proposed from: January 2026

What's proposed?

The maximum cost of Pharmaceutical Benefits Scheme (PBS) medicines will decrease from $31.60 to $25 per script.

Who could benefit?

This will benefit people who don't hold a concession card and would otherwise pay the maximum amount to fill a script. It doesn't apply if the script is for a medicine not on the PBS, which may cost more than $25.

Pensioners and Commonwealth concession cardholders will continue to pay the subsidised rate of $7.70 per PBS script until 1 January 2030. This is an existing measure.

Student loans to be cut by 20%

Proposed from: 1 June 2025

What's proposed?

Student loans will be reduced by 20% before the annual indexation (at a rate of 3.2%) is applied on 1 June 2025.

Who could benefit?

The changes will benefit all people who have Higher Education Loan Program (HELP) Student Loans, VET Student Loans, Australian Apprenticeship Support Loans, Student Start-up Loans and Student Financial Supplement Scheme, based on their outstanding 1 June 2025 balance.

Importantly, voluntary loan repayments that are processed before 1 June will reduce the loan balance that's indexed on 1 June. However, the 20% debt reduction will be applied to the 1 June balance. So if this proposal is legislated, before making a voluntary repayment, it's worth doing the numbers to see if it's best to make a voluntary repayment before or after the 20% reduction and indexation is applied on 1 June. The table below provides an example which shows the difference between making a $5,000 voluntary repayment before and after 1 June, where the outstanding debt balance is $30,000.

Outstanding debt today	Voluntary repayment before 1 June	Loan balance on 1 June (after 20% reduction and indexation applied)	Voluntary repayment after 1 June	Outstanding balance
$30,000	$0	$24,768	$5,000	$19,768
$30,000	$5,000	$20,640	$0	$20,640

Reduced student loan repayment obligations

What's proposed?

Proposed from: 1 July 2025

The minimum income that can be earned before student loan repayments need to be made is proposed to increase. This is in addition to the standard indexation of the income repayment thresholds which ordinarily happens on 1 July each year. Also, the way repayments are calculated will be changed.

Who could benefit?

People with student debts will benefit from lower compulsory loan repayments in 2025/26 and beyond, if their **'repayment income'** is above the minimum threshold at which loan repayments need to be made and less than $180,000.

The minimum income threshold is $54,435 in 2024/25 and will automatically increase to $56,156 on 1 July. Also the Government has proposed:

- increasing the minimum income threshold to $67,000, and
- calculating repayments on just the repayment income earned above the income threshold, not on total income.

The list of qualifying student loans is the same as those to be eligible for the 20% debt reduction on 1 June 2025 (see above).

Expanded 'First Home Guarantee' program

Proposed from: To be confirmed

What's proposed?

Help will be extended to all first home buyers under the Commonwealth's First Home Guarantee Scheme. The scheme enables home buyers to purchase their first home with as little as a 5% deposit. The Government provides a guarantee for the remaining portion of the deposit (up to 15%), to ensure the first home buyer doesn't pay Lenders Mortgage Insurance.

Currently, income limits and property price caps apply and access is only granted to a maximum of 10,000 eligible participants each year. These requirements are proposed to be removed, opening the scheme to all first home buyers.

Who could benefit?

The extension of the scheme may help first home buyers to purchase their first home sooner. It's important to understand that purchasing a home with a smaller deposit may increase the total interest that is paid over the life of the loan.

Superannuation

The below measure was initially announced by the Government in 2023, with support reconfirmed in the 2023 Federal Budget. Legislation was introduced to Parliament to make this change law in 2024 but lapsed when the election was called. The Government will need to reintroduce and pass legislation in Parliament before this change can take effect. Given the complexity of the policy and the number of days that Parliament may sit between now and 1 July, we don't know if the proposed start date will change if the policy is reintroduced.

Higher taxes for balances over $3 million

Proposed from:1 July 2025

What's proposed?

Where people have more than $3 million in super from 1 July 2026, higher taxes are to be paid on investment earnings.

Currently, investment earnings within the 'accumulation phase' of superannuation are taxed at a maximum rate of 15%. With a 'retirement phase income stream', such as an account-based pension once retired, investment earnings are generally tax free.

It's proposed that from 1 July 2025, where a person has a 'total super balance' exceeding $3 million at the end of the financial year, an additional tax of 15% will apply to a portion of the investment earnings. The new tax will be called 'Division 296 tax', as that is the name of the relevant section of tax law where the proposed rules are covered.

Additional tax won't be paid where the total super balance is less than $3 million on 30 June 2026 (the end of the first year it will apply) or the end of any following financial year.

Where to from here?

It's important to remember these changes need to be legislated to become law. The information above is based on the announcements made to date, and there may be changes to the start dates or other details if the policies are formalised. You should speak to a financial adviser to understand more about what has been announced and how these changes could apply to you.