Income Tax Rates Amendment (Tax Reform No. 1) Act 2026

No. 50, 2026

An Act to amend the *Income Tax Rates Act 1986*, and for related purposes

Note: An electronic version of this Act is available on the Federal Register of Legislation (https://www.legislation.gov.au/)

Contents

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[*Assented to 26 June 2026*]

The Parliament of Australia enacts:

1 Short title

This Act is the *Income Tax Rates Amendment (Tax Reform No. 1) Act 2026*.

2 Commencement

(1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	**Column 2**	**Column 3**
Provisions	**Commencement**	**Date/Details**
1. The whole of this Act	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	1 July 2026

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

(2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

3 Schedules

Legislation that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Amendments

Income Tax Rates Act 1986

1 After section 12

Insert:

12AA Rate of extra income tax on minimum tax capital gain

(1) This section sets the rate of extra income tax payable under subsection 119-10(1) of the *Income Tax Assessment Act 1997* on every dollar of a taxpayer's minimum tax capital gain for a year of income.

(2) The rate is worked out using the formula:

$$\frac{\text{Minimum tax gap amount for the year}}{\text{Minimum tax capital gain for the year}}$$

(3) In this section:

minimum tax capital gain means the taxpayer's minimum tax capital gain, within the meaning of the *Income Tax Assessment Act 1997*, in whole dollars.

minimum tax gap amount means the taxpayer's minimum tax gap amount, within the meaning of the *Income Tax Assessment Act 1997*, in whole dollars.

[*Minister's second reading speech made in—*
House of Representatives on 28 May 2026
Senate on 22 June 2026]

(71/26)