

Jindabyne Median House

Approximate Effect of tax changes - for illustrative purposes only

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	
Lets say you bought a house in Jindy in 2021	820,000	820,000	820,000	820,000	820,000	820,000	Median Price 2021
Now its worth	1,200,000	1,248,000	1,297,920	1,349,837	1,403,830	1,459,983	Median Price Today
Indexed Cost base from 1 July 2027	1,200,000	1,236,000	1,285,440	1,349,712	1,390,203	1,473,616	
(Inflation)	3%	4%	5%	3%	6%	3%	
Land Value for land tax calculation (rough, 70% of value)	840,000	873,600	908,544	944,886	982,681	1,021,988	
Originally you put down 20% plus costs	200000						
Mortgage	(630,000)	(630,000)	(630,000)	(630,000)	(630,000)	(630,000)	
Interest Rate (have assumed they will go up 0.5% this year)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	
Weekly rental	950	998	1,047	1,100	1,155	1,212	
Annual rental income	49,400	51,870	54,464	57,187	60,046	63,048	
Less management fees	(2,470)	(2,594)	(2,723)	(2,859)	(3,002)	(3,152)	
Less annual costs (rates, repairs)	(10,000)	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	
Land tax	-	-	-	-	-	-	
Interest costs (Assume interest only)	(40,950)	(40,950)	(40,950)	(40,950)	(40,950)	(40,950)	
Net annual cost	(4,020)	(1,974)	181	2,450	4,839	7,353	
After tax (cost)/income in current system if 47% tax rate	(2,131)	(1,046)	96	1,299	2,564	3,897	Negative Gearing Now
After tax cost in new system	(4,020)	(1,974)	181	2,450	4,839	(1,477)	Negative Gearing Changes
Accumulated Losses	(4,020)	(5,994)	(5,812)	(3,362)	1,477	8,830	
Assumptions							
Rental Growth	5%						
Cost growth	3%						
Price Growth	4%						
Capital Gain							
Now:	380,000						
50% gain	190,000						
tax rate:							
47%	(89,300)						Old CGT
Effective Tax Rate %	23.50						
Under the new system your effective tax rate is a minimum 30%							
<u>Difference in CG between old and new</u>							
So as of 1 July 2027, your tax will be rounded up to	(114,000)						New CGT
Difference in Tax Paid between 30 June 2026 and the new sytem after 1 July 21	(24,700)						Difference between 306/2026 and 1/7/2027

From then on, you will full tax of any gain (your property will be revalued on 1 July 2027) with the cost base adjusted for inflation

The CGT will be highly dependent on the rate of inflation. The higher the inflation, the higher your adjusted cost base and the lower your capital gain tax owed. If inflation drops, you pay more CGT

Note:

This for illustrative purposes only, I am not a tax adviser

General advice only

These rules havent passed law yet

Questions? reggie@thunderboltlending.com.au 0403397060