Australian State and Territory Budgets 2025-26

Western Australia, New South Wales, Australian Capital Territory and Queensland

June 2025

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WA, NSW, ACT and Qld released budgets for the 2025-26 financial year.

Key takeaways include:

- Further housing measures (including first home buyer relief, and build to rent land tax incentives).
- In Qld, streamlining of future foreign surcharge ex gratia relief applications, and the introduction of measures to prevent foreign surcharge refunds for assessments prior to 8 April 2024 (new 'windfall tax').

Western Australia (WA)

The WA Deputy Premier and Treasurer delivered the WA 2025-26 Budget on 19 June 2025. The Budget has not introduced any new taxes, but it has implemented measures to encourage investing in WA to enhance the WA economy and to provide cost of living relief packages.

As a result of Budget announcements, WA's State taxation regime introduces the following relevant key changes:

1. Increased stamp duty exemptions for first home buyers
2. Increased land tax exemption for three years for eligible build to rent (BTR) developments
3. Off the plan transfer duty concession extended for 12 months.

First home buyers

For transactions entered into on or after 21 March 2025, first home buyers of established properties will receive:

- A transfer duty exemption for purchases up to $500,000 (up from $450,000)
- For purchases in the Perth and Peel regions, a concessional rate of duty for purchases up to $700,000 (up from $600,000)
- For purchases outside the Perth and Peel regions, a concessional rate of duty for purchases up to $750,000 (up from $600,000).

In addition, first home buyers that purchase vacant land statewide will receive a transfer duty exemption on purchases up to $350,000 (up from $300,000) and a concessional rate of duty for purchases up to $450,000 (up from $400,000).

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WA - Cont.

Increased land tax exemption – BTR

A $75 million Build to Rent Kickstart Fund will be available to support loans to developers to boost the supply of long-term rental housing and to enhance housing affordability.

An increased land tax exemption for eligible BTR projects (e.g. for residential properties) that become operational between 1 July 2025 and 30 June 2028, from 50% to 75% for three years (i.e. ending in the 2030-31 financial year) before reverting to the existing land tax exemption of 50%.

Off the plan transfer duty concession

The existing off the plan transfer duty concession has been extended by 12 months from 30 June 2025 to 30 June 2026. Its stated intention is to improve the supply of residential houses in WA and make home ownership more affordable in WA.

For houses pre-construction and under construction, transactions entered into on or after 21 March 2025 will have the concession applied as follows:

- Expanding off the plan dwellings to include single-tier strata schemes and community title (building) schemes (excluding survey-strata schemes), townhouses, and villas
- Increasing the upper and lower thresholds to $750,000 to $850,000 (increased from $650,000 to $750,000 respectively)
- For eligible pre-construction contracts, a 100% concession will be available for properties valued up to $750,000
- For properties valued at $850,000 or above, a 50% concession will be available (the concession is capped at $50,000)
- For eligible construction contracts, the concession will be reduced from 75% to 37.5%.

New South Wales (NSW)

The NSW Treasurer delivered the NSW 2025-26 Budget on 24 June.

The key measures are:

1. The indefinite extension of the 50% reduction in land value for land tax purposes for eligible new BTR developments, replacing the previous sunset date of 31 December 2039. BTR developers may also apply for exemptions or refunds from foreign purchaser duty and land tax surcharges.

2. The extension to Revenue NSW's integrity funding to support an increased level of tax compliance.

Extending the BTR land tax concession

The NSW Government has extended a key tax concession for BTR developments designed to give investors long-term certainty and encourage more rental housing supply.

From the 2026 land tax year, owners of eligible new BTR developments will now be able to access a land tax concession being a 50% reduction in land value for land tax purposes indefinitely. Previously, the land tax concession was set to end on 31 December 2039. Developments already receiving, or where already applied for, the BTR land tax concession for the 2025 land tax year or prior years, are ineligible to receive the extended concession.

The changes to the eligibility conditions include the removal of the requirement that a proportion of labour force hours for construction be performed by specified classes of workers.

BTR developers that are Australian corporations may also be eligible for exemptions from foreign purchaser duty and land tax surcharges (or a refund if the surcharges have already been paid), and this can apply indefinitely provided the ongoing eligibility requirements continue to be satisfied.

Extending Revenue NSW tax integrity program

Revenue NSW integrity funding was forecast to decline from 2025-26. The NSW Government has agreed to extend such Revenue NSW funding designed to support an increased level of tax compliance.

Queensland (Qld)

The Qld Treasurer delivered the Qld 2025-26 Budget on 24 June.

The key measures are:

1. From 1 May 2025 abolishing transfer duty for all first home buyers purchasing a new build or purchasing vacant land to build a home on

2. Streamlining the process for claiming ex gratia relief from land tax foreign surcharge and additional foreign acquirer duty

3. Introducing a payroll tax exemption for payments made by any medical practice to contracted or employed general practitioners

4. In addition, the Duties Act 2001 (Qld) (Duties Act) and Land Tax Act 2010 (Qld) (Land Tax Act) will be amended to introduce a windfall duty and a windfall tax, which will be imposed as an alternative to a foreign surcharge liability.

Items (2) and (4) above are discussed in detail below.

Streamlining of ex gratia relief from land tax foreign surcharge and additional foreign acquirer duty

The Qld Government has stated it will streamline and simplify the ex gratia relief process for additional foreign acquirer duty and the land tax foreign surcharge.

Ex gratia relief is available to foreign entities that are Australian based and where their contribution to residential housing development or the local economy and community meet certain thresholds.

The administrative changes are stated to improve application processing to provide eligible applicants, particularly property developers who contribute to residential housing supply, with greater certainty and timely consideration. This change will also contribute to broader efforts to increase housing supply and affordability.

The Qld Government states it will work with industry, through the newly re-established Property Consultative Committee, to identify and implement appropriate changes to ex gratia criteria that will support new housing development. Details will be developed and finalised before the end of 2025.

Windfall duty and a windfall tax

The Duties Act and Land Tax Act will be amended to introduce windfall tax provisions, which will only apply in certain circumstances where provisions imposing Qld foreign surcharges, including recently passed revenue protection provisions, are constitutionally invalid or inoperative.

Prior to 8 April 2024, there was a period of uncertainty as to the interaction of particular Commonwealth laws with the imposition of State foreign surcharges in relation to persons from certain countries. If a court considers that State and Commonwealth laws are inconsistent, this may lead to a finding, in accordance with section 109 of the Commonwealth Constitution (Constitution), that the State law is invalid to the extent of the inconsistency.

In response to this uncertainty, amendments were made by the Revenue Legislation Amendment Act 2025 (RLAA) to introduce revenue protection provisions. The purpose of these amendments was to ensure the intended operation and imposition of the foreign surcharges in relation to persons from certain countries for the period during which the uncertainty existed.

As a further revenue protection measure, the Duties Act and Land Tax Act will be amended to introduce provisions to implement a windfall duty and a windfall tax (collectively, the windfall taxes). These windfall tax provisions will only apply if both the foreign surcharge provisions and the RLAA revenue protection provisions were invalid or inoperative because of section 109 of the Constitution to the extent they apply to certain foreign surcharge liabilities.

A taxpayer will have benefited from a "tax windfall" if they have been given an assessment of a foreign surcharge liability arising before 8 April 2024 and the foreign surcharge, as it applied in relation to their transaction or land, is invalid because the relevant imposition provisions were to any extent constitutionally invalid or inoperative.

A windfall tax will only be imposed on taxpayers who claim, or are taken to claim, their entitlement to a tax windfall e.g. by seeking a refund or reassessment. A windfall tax liability will only be imposed as an alternative to a foreign surcharge liability. It will not be imposed in addition to a foreign surcharge validly imposed in relation to a relevant transaction or land held as at 30 June when liability for land tax arises. Further, a windfall tax liability will generally not be imposed on taxpayers that accept their foreign surcharge liability.

Where a windfall tax is imposed, the amount of windfall tax will be equivalent to the taxpayer's relevant foreign surcharge liability (plus penalty tax and interest assessed or paid).

Australian Capital Territory (ACT)

The ACT Treasurer delivered the ACT 2025-26 Budget on 24 June.

The budget introduced several new measures including:

1. An increase in the price threshold to $1,020,000 (for 2025-26) for the Home Buyer Concession Scheme, Pensioner Duty Concession Scheme and Disability Duty Concession Scheme

2. Introducing a four-year Health Levy for all residential, commercial and rural properties of $250

3. Introducing new general rates thresholds for high value residential and for the highest-valued commercial properties. For commercial properties the threshold will be an average unimproved value (AUV) of $5 million and the rate 5.9670% in 2025-26. For residential, the threshold will be an AUV of $1 million and the relevant rate will be 0.5734% in 2025-26.

4. Motor vehicle duty concessions for zero emissions vehicles will be reduced

5. The payroll tax base will be broadened by reducing the payroll tax threshold and the tax rate for small to medium local businesses from 1 July 2026

6. An increase to the Ambulance Levy (paid by private health insurers) by an additional 10% from 1 January 2026

7. An increase in the Utilities Network Facilities Tax, charged on the owners of network facilities on land in the ACT, by an additional 2.5% above the Wage Price Index (WPI) for 2025-26 and 2026-27.

Update on tax reform

The third stage of tax reform (2021-22 to 2025-26) was designed to further shift revenue from conveyance duty to general rates. The ACT Government has decided to slow the rate of progress. During the third stage of tax reform, increases in general rates above WPI growth are being used to fund corresponding reductions in taxes such as conveyance duties.

Consequently, the lowest marginal tax rate for home buyers has reduced from 1.2% to 0.28% and the commercial duty threshold has increased from $1.9 million to $2 million.

The fourth stage of tax reform will begin in 2026-27, with the settings to be announced in the next Budget.

How EY can help

EY can assist clients in understanding the impact that state budgets and taxation laws have on their business. EY can also guide and advise tax managers and other professionals to help businesses manage their tax affairs and are aware of any changes to tax liabilities or concessions that would arise as the result of budget measures.

For more information please contact your usual EY advisor or:

National:

Jodie Fogale
jodie.fogale@au.ey.com

Sarah Shaw
sarah.shaw@au.ey.com

Tuyet Nguyen
tuyet.nguyen@au.ey.com

Adam Musgrave
adam.musgrave@au.ey.com

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