Australia Just Changed the Crypto Tax Rules.

Here's what it means for you — in plain English.

📘 **Simple Guide — Budget 2026–27**
Based on the briefing by Thomas, Crypto Tax Australia · May 2026

The Australian Government just announced big changes to how crypto profits are taxed. This guide explains everything simply — like you're hearing it for the first time — with real numbers so you can see exactly how it affects *your* wallet.

🎯 **WHO THIS IS FOR**

Anyone in the Karbon Collective who holds crypto, trades it, or uses a trust or company structure to manage investments. Even if you've only ever bought Bitcoin once — this affects you.

First: What Is Capital Gains Tax (CGT)?

When you **sell something for more than you paid for it**, the government takes a cut of your profit. That cut is called **Capital Gains Tax** — or CGT.

📦 **REAL-LIFE ANALOGY**

Imagine you bought a rare sneaker for $100. Later you sell it for $400. You made a $300 profit. The government says: "Nice work — we want a piece of that." That's CGT.

Crypto works the same way. Buy Bitcoin for $10,000, sell it for $60,000 — your profit ($50,000) is a **capital gain** and the ATO wants tax on it.

The Old Rule: The 50% Discount

Australia used to have a very generous rule: **if you held your crypto for more than 12 months before selling, you only paid tax on HALF your profit.**

✅ **HOW IT USED TO WORK (BEFORE BUDGET 2026)**

You hold Bitcoin for 1+ year → Sell for a $100,000 profit → The government only counts $50,000 as taxable → You pay tax on $50,000 (not the full $100,000).

This was called the **50% CGT discount**. It was a massive bonus for long-term holders.

The Big Change: What's Different Now?

The government is **cutting the CGT discount**. Here's what changes:

⚠️ **THE NEW RULE (FROM 25 MARCH 2025 ONWARDS)**

The 50% discount is being replaced with a 30% minimum tax floor.

Translation: Even if you held for 12+ months, you now pay tax on at least 70% of your profit — not 50%. The discount shrinks from 50% off to 30% off.

The Split Calculation — The Tricky Part

Because you might have bought your crypto BEFORE the cut-off date (25 March 2025) and sold it AFTER, the government splits your profit into two parts:

1. **Growth before 25 March 2025** → still gets the old 50% discount
2. **Growth after 25 March 2025** → only gets the new 30% discount (you pay tax on 70%)
3. You **choose the method** — market value split on 25 March 2025, or a time-based formula. Pick whichever gives you less tax.

Real Example: Jamie's Bitcoin Journey

Let's follow Jamie, a Karbon Collective member. Jamie bought **1 Bitcoin** and held it through the whole period.

📊 **JAMIE'S NUMBERS**

Bought Bitcoin for:	$40,000
Value on 25 March 2025:	$90,000
Sold Bitcoin for:	$200,000
Total profit:	$160,000

Split the Profit Into Two Parts

📐 **PART A — GROWTH BEFORE 25 MARCH 2025 (OLD RULES APPLY)**

Value on 25 March 2025:	$90,000
Minus purchase price:	-$40,000
Part A Profit:	**$50,000**

📐 **PART B — GROWTH AFTER 25 MARCH 2025 (NEW RULES APPLY)**

Sale price:	$200,000
Minus value on 25 March 2025:	−$90,000
Part B Profit:	**$110,000**

Calculating Jamie's Tax Bill

Now we apply the right discount to each part. Jamie held for 12+ months so the discount applies to both parts.

🧮 **PART A — OLD 50% DISCOUNT STILL APPLIES**

Part A Profit:	$50,000
50% Discount (old rule):	-$25,000
Taxable Amount from Part A:	**$25,000**

🧮 **PART B — NEW 30% DISCOUNT (PAY TAX ON 70%)**

Part B Profit:	$110,000
30% Discount (new rule):	-$33,000
Taxable Amount from Part B:	**$77,000**

💰 **JAMIE'S TOTAL TAXABLE CAPITAL GAIN**

Part A taxable:	$25,000
Part B taxable:	$77,000
Total Taxable Gain:	**$102,000**

Jamie's in the 45% tax bracket (top rate). So:

🏦 **JAMIE'S TAX PAYMENT**

$102,000 × 45% tax rate = **$45,900 tax bill**

How Much Extra Does the New Rule Cost Jamie?

Under the **old rule**, ALL $160,000 profit would get 50% discount:

✅ **UNDER OLD RULES**

$36,000

Tax bill

($160K profit → 50% off → $80K taxable → 45% tax)

❌ **UNDER NEW RULES**

$45,900

Tax bill

(split calculation → $102K taxable → 45% tax)

💸 **THE DIFFERENCE**

Jamie pays $9,900 MORE in tax because of this budget change. On a $160,000 profit — that's real money.

And if Jamie had sold everything AFTER the rules fully kick in (no pre-March 2025 growth), the extra tax could be even higher.

💡 **KEY TAKEAWAY**

The longer you waited to sell after 25 March 2025, the more of your gain gets taxed under the new (worse) rules. The more crypto grew AFTER that date, the bigger your tax hit.

Part 2: The Trust Problem

Many Karbon members use a **family trust** to hold their crypto. This used to be a great strategy. Now it's getting complicated.

What is a Family Trust?

🏠 **SIMPLE EXPLANATION**

A family trust is like a shared bank account for your family, but with special tax rules. When the trust makes money, it can **"distribute" that profit** to different family members — often the ones in lower tax brackets — so the family pays less tax overall.

For example: If Mum earns $200,000 and Dad earns $20,000, the trust can send the crypto profit to Dad (who pays less tax) instead of Mum. Smart. Legal. Very common in Australia.

The Old Strategy That's Now Under Attack

Here's how people used to minimise tax with trusts + crypto:

1. Trust holds Bitcoin, sells for a $200,000 profit
2. Trust distributes the profit to a **"bucket company"** — a company that only pays 25–30% tax (much lower than personal tax rates)
3. Bucket company gets the money taxed at 25% instead of your 45% personal rate
4. Family saves a massive amount of tax

The New Rule: Minimum 30% Tax Floor

⚠️ **WHAT CHANGED**

The government now says: **if a trust distributes capital gains to a company, the trust must pay at least 30% tax on those gains — regardless of who gets them.**

This kills the bucket company strategy for capital gains. You can no longer route crypto profits through a trust into a company to get a lower tax rate.

The Bucket Company Trap — Real Numbers

✅ **OLD STRATEGY**

25%

❌ **NEW RULE**

30%

Tax rate on gains distributed to a bucket company. $200K gain = $50K tax saved vs personal rate.

Minimum tax floor, even when using a company. The strategy no longer saves you money vs just taking it personally.

💡 **SILVER LINING**

The new 30% floor only applies to **capital gains** (profits from selling). Regular income like rent, dividends, or business profit still flows through trusts normally. And distributing to low-income family members still works for ordinary income.

Part 3: What Should You Actually Do?

Here's the honest truth: **you can't avoid these changes**. But you can make smart decisions before the deadlines hit.

🚨 **CRITICAL DEADLINE**

30 June 2025 — This is the end of the financial year. Any sales you make before this date use your **current tax situation**. After this, you're fully in the new regime. This date has already passed — but understanding it helps you plan for the 2025–26 year.

Your 5-Step Action Plan

1. **Get a crypto tax specialist NOW.** Not a general accountant — someone who specifically understands crypto. The split calculation is complex and getting it wrong means overpaying or getting audited.
2. **Know your 25 March 2025 values.** If you held any crypto on that date, you need a defensible record of what each coin was worth. Screenshot exchange data, check CoinMarketCap historical prices, and keep records.
3. **Review your trust structure.** If you use a family trust for crypto, talk to your advisor about whether the bucket company strategy still works for you — or whether it's now costing you more than it saves.
4. **Look at the rollover relief window.** The government is offering a short window where you can restructure assets out of a trust *without triggering a tax event*. This window is time-limited — ask your accountant if this applies to you.
5. **Don't panic sell.** Rushing to sell everything before the rules change often creates MORE tax problems, not fewer. Get advice first, then act.

Quick Reference: What Changed and What Didn't

SITUATION	OLD RULE	NEW RULE	IMPACT
Held crypto 12+ months, sold as individual	50% discount on all profit	50% on pre-March 25 gain, 30% on rest	HIGHER TAX
Trust distributing gains to bucket company	Company pays 25% tax	Minimum 30% floor	STRATEGY DEAD
Trust distributing to low-income family member	Works great	Still works for ordinary income	CHECK WITH ADVISOR

SITUATION	OLD RULE	NEW RULE	IMPACT
Held crypto < 12 months	No discount — full tax	No change	NO CHANGE
Sold everything before 25 March 2025	Old rules applied	Old rules still apply	NO CHANGE

The Big Picture — In 3 Sentences

> *"Australia is reducing the CGT discount on crypto from 50% to 30% for gains made after 25 March 2025. If you use a family trust, the old bucket company strategy no longer saves you tax on capital gains. The window to restructure is short — get professional advice now."*
>
> **— Thomas, Crypto Tax Australia · Karbon Collective Briefing, May 2026**

The Three Numbers to Remember

✅ **50%**

The old CGT discount — still applies to crypto gains earned BEFORE 25 March 2025, as long as you held for 12+ months.

❌ **30%**

The new maximum discount — for gains earned AFTER 25 March 2025. You pay tax on at least 70% of your post-March profit, not 50%.

📅 **25 MARCH 2025**

The cut-off date — everything before this date uses old rules, everything after uses new rules. This is why you need your coin values recorded for that specific date.

Still Confused? Here's Help.

📞 **BOOK A SESSION**

Thomas from Crypto Tax Australia specialises in exactly this. Karbon Collective members can book a 1-on-1 consultation to review your specific situation — your coins, your trust structure, your tax position.

Visit: **cryptotaxaus.com.au**

This briefing is educational only — not financial or legal advice. Your situation is unique. Always work with a qualified professional before making decisions.

📄 **DISCLAIMER**

This document is for educational purposes only and is based on the Australian Budget 2026–27 announcements as summarised by Thomas (Crypto Tax Australia) for Karbon Collective members. Tax laws may change. This is not personal financial, tax, or legal advice. Speak to a registered tax agent before making any decisions.