



26-27 FEDERAL BUDGET WORKER'S EDITOR

AH TAX & ACCOUNTING

Key Highlights for Workers

Item	Key Point
WATO	From 1 July 2027 (FY2028), directly reduces tax payable by \$250
\$1,000 Standard Deduction	From FY2027, no need to keep receipts for work-related expenses up to \$1,000
Tax rate for \$18,201 - \$45,000 bracket	Drops from 16% (FY2026) to 15% (FY2027) to 14% (FY2028)
EV Car FBT Exemption	Use novated lease/salary packaging to purchase EV car for significant tax savings; concessions begin to phase down after 31 March 2027
Increase in Medicare Levy income threshold	More low-income earners exempt from paying the Medicare Levy

1 \$250 Working Australians Tax Offset (WATO)

Individuals will receive a \$250 non-refundable tax offset, automatically calculated in tax returns from 2027-28 onwards.

2 \$1,000 Standard Deduction

From 2026-27 onwards, work-related expenses \leq \$1,000 can be claimed as a deduction without receipts or itemised evidence.

If expenses exceed \$1,000, you must still keep records.

*You can still claim accounting fees, union fees, professional association fees, work insurance, donations, and work-related interest on top of the \$1,000 standard deduction.

3 \$18,201 – \$45,000 Individual Tax Rate Reduction

Financial Year	Tax Rate
2026	16%
2027	15%
2028 onwards	14%

4 Electric Vehicle (EV) FBT Exemption

Use novated lease/salary packaging to access the FBT exemption, i.e., use your pre-tax salary to pay for car loan and operating costs, directly reducing tax.

FBT Year	政策
2027	Full exemption continues for cars below \$91,387
2028 & 29	Full FBT exemption continues for cars priced ≤ \$75,000; 25% FBT discount applies for cars > \$75,000
2030 onwards	Uniform 25% FBT discount applies



5 Increase in Medicare Levy Income Thresholds

Single Person	
FY2025	\$27,222
FY2026	\$28,011

Family	
FY2025	\$45,907 + (\$4,216 for each dependent child)
FY2026	\$47,238 + (\$4,338 for each dependent child)

Source: CPA Australia 2026-27 Federal Budget Report

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