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SMSF and Division 296 (November 2025 Update)

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Following on from our earlier API Website blog "The $3 Million Threshold: Why Valuers Are Now Centre Stage", the Commonwealth Government has now clarified a key element of the proposed Division 296 tax. The Government intends that the new tax will only apply to realised capital gains.

We will continue to monitor when the legislation will be introduced into Parliament and formally enacted. At this stage, the commencement date appears to remain 1 July 2026, although this may be subject to change.

In the meantime, valuers should aware that:

- current ATO guidance is unchanged,
- there is no change to how opinions of market value must be assessed, by valuers, for SMSF reporting or compliance purposes, and
- valuers must continue to follow recognised valuation methodologies, supported by appropriate evidence and professional judgement, consistent with API and IVSC standards.

While the practical impact of Division 296 tax will depend on the final form of the legislation, it is clear that the proposed changes will increase the importance of credible valuation services that are unbiased, transparent, independent, defensible. High-quality valuation practice will remain essential for supporting trustees, advisers, auditors and the broader SMSF sector.

For reference, current ATO guidelines can be access here:

- Guide to valuing SMSF assets | Australian Tax Office
- Understanding market valuations for your SMSF | Australian Tax Office

The API remains committed to supporting members, maintaining high professional standards, and acting in the public interest. We will keep members updated as the legislation progresses and will advise on the API's policy position once further detail is available.

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