

OpenVoiceNews Australia

Transparent. Unbiased. Yours.

Super Tax May Jeopardize Labor's Electoral Chances

July 27, 2025

— Categories: Politics & Government



The Albanese Government's plan to impose a new tax on superannuation balances exceeding \$3 million is shaping into a significant political risk as the next federal election approaches. Designed to raise additional revenue by increasing the tax rate on high-balance super accounts, the policy could backfire in marginal seats where voters are growing uneasy over its fairness and long-term implications.

Set to take effect from July 1, 2025, the proposal will double the tax rate on earnings from 15% to 30% for superannuation accounts above the \$3 million threshold. Unlike current

arrangements, the tax will apply to unrealized capital gains—value increases in assets that have not yet been sold. This change marks a significant departure from existing taxation principles and has sparked concern among industry groups and account holders alike.

Although the measure targets a small segment of Australians—approximately 0.5% of superannuation account holders—its potential to impact a broader population over time has drawn criticism. The threshold is not indexed to inflation, meaning more individuals could fall under its scope in future years. Small business owners and farmers with illiquid assets could be particularly vulnerable, as they may face difficulties paying taxes on gains they have not realized in cash.

There are concerns the timing of tax assessments, which are expected to be issued in late 2027, could inflame voter sentiment just months before the next election. Critics argue that the policy, while aimed at wealthier Australians, sets a precedent that may pave the way for similar taxes on other asset classes in the future. This uncertainty may erode public trust in the government's broader tax reform agenda.

The opposition has pledged to oppose the measure, labelling it unfair and damaging to retirement security. Meanwhile, the government is relying on support from crossbench parties to pass the legislation, which remains likely due to Senate dynamics. Still, the political consequences could be significant.

For the Albanese Government, the challenge lies in convincing the public that this tax is a targeted, necessary measure to strengthen fiscal sustainability, rather than a punitive approach toward personal savings. Failure to provide clarity and reassurance could cost Labor crucial ground in key electorates as the 2028 election draws near.