



INDEPENDENT
BUSINESS
VALUATIONS

FREE PRACTICAL CGT GUIDE WITH CHECKLIST

Protect the value your business has built

BEFORE 1 JULY 2027

THE CRITICAL DISTINCTION

**The current ATO formula
does not value your business.**

An independent business valuation does.

CGT VALUATION DATE

30 JUNE 2027

**ACT NOW.
UNDERSTAND WHY.**

START HERE

The issue in one minute

The 2026 Budget reforms, now enacted, apply from 1 July 2027. For CGT assets to which the transition provisions apply, market value immediately before that date may become an important dividing line between value created under the existing and new rules.^[1-4]

THE PRACTICAL QUESTION

Could documenting market value at 30 June 2027 materially strengthen a future CGT position?

Some owners may need to establish that value when a business interest is eventually sold, transferred or restructured. Not every business needs a valuation. The answer depends on the taxpayer, asset, ownership structure, materiality and advice from the tax adviser.

WHY THIS MATTERS

Separate the tax question from the valuation question

Small-business CGT concessions may reduce, defer or disregard a qualifying gain. Eligibility for a concession and substantiation of market value are separate questions. A supportable transition-date value can provide a stronger evidentiary foundation for a later calculation.^[3]

WHY PRIVATE BUSINESSES ARE DIFFERENT

There is no observable closing price

Listed shares usually have an observable market price. A private business does not. Its value must be established from financial performance, commercial evidence, ownership rights, risk and relevant market data.

THE CENTRAL EVIDENTIARY RISK

The records may remain. The commercial context may not.

The law may allow the transition amount to be calculated later, but the evidence needed to support a historical value can deteriorate. Accounts may remain while customer relationships, forecasts, contracts, owner dependence, business risks and market conditions become difficult to reconstruct.

WHAT THIS GUIDE COVERS

- Why 30 June 2027 may matter.
- Which ownership interests warrant early advice.
- What may need to be valued.
- What evidence should be preserved.
- What makes a valuation supportable.
- A practical owner-and-adviser action plan.

THE TRANSITION

One asset. Two periods of value.

VALUE CREATED UP TO 30 JUNE 2027

Earlier CGT treatment may continue to apply, subject to the legislation and the taxpayer's circumstances.

1 JULY
2027

VALUE CREATED FROM 1 JULY 2027

Inflation indexation and the minimum-tax framework may apply to this component.

WHAT THE ENACTED RULES DO

A deemed sale, a reacquisition and a deferred outcome

For CGT assets to which the transition provisions apply, the asset can be treated as sold immediately before 1 July 2027 and reacquired immediately afterwards. The initial notional gain or loss is generally disregarded at that time and brought into account when a later realisation event occurs. The default transition amount is market value, although a prescribed apportioning method may be chosen in specified circumstances.^[1,2]

IMPORTANT

This is not a universal direction to obtain a valuation. A tax adviser should first determine whether the transition provisions apply, identify the relevant CGT asset and consider any available alternative.

WHY TIMING MATTERS

The valuation can follow year-end. Evidence preservation cannot.

A valuation may be completed after the valuation date when reliable year-end information becomes available. The critical step is to plan early and preserve the evidence that existed at 30 June 2027.

DECISION GUIDE

Could this affect your business?

Sole trader or professional practice

Goodwill, client relationships, practice name, systems or other CGT assets may be relevant.

Shares in a private company

The asset may be the shares - not simply the enterprise value of the operating business.

Partnership interest

The interest, business assets or interests held by partners may require separate analysis.

Business held through a trust

The relevant asset and treatment can depend on the trust type, deed and ownership structure.

SCOPE FIRST

What exactly needs to be valued?

The relevant CGT asset may not be "the business" in a general sense. It could be company shares, units in a trust, a partnership interest, goodwill, intellectual property or another asset. The legal owner and the rights attached to the interest matter.

Possible valuation subject	Questions that change the analysis
Operating business	Which assets and liabilities form part of the business? Are debt and surplus assets included?
Company shares	What is the equity value after debt, surplus cash and non-operating assets? What rights attach to the shares?
Trust units or interests	What does the trust deed provide? Are the units fixed? What assets, liabilities and distributions are relevant?
Minority interest	Is there control, marketability or a shareholder agreement that affects the interest?
Goodwill or IP	Is the value transferable? How dependent is it on the owner, contracts, brand, systems or legal protection?

AVOID A SCOPE ERROR

Enterprise value is not automatically the same as equity value. Nor is the value of the whole company automatically the value of a particular parcel of shares. The engagement should define the legal interest, valuation date, purpose and basis of value before analysis begins.

Sale, transfer or succession expected

A future sale, family transfer, management buyout or shareholder exit can make the transition value material.

Significant goodwill already created

The more value built before 1 July 2027, the more important preserving evidence may become.

A VALUATION DESERVES CLOSER CONSIDERATION WHERE

- the historical cost base is low relative to current value;
- the business has substantial goodwill, recurring revenue or valuable intellectual property;
- strong growth is expected after 1 July 2027;
- the ownership structure is complex or includes different classes of shares or units; or
- a later retrospective valuation would be difficult, costly or contentious.

THE DEFINING DISTINCTION

The ATO formula does not value the business.
An independent business valuation does.

ATO's calculation* is an apportionment mechanism - not a business valuation. It works backwards from historical cost and the eventual sale price to allocate growth across time. It does not determine what the business was actually worth at 30 June 2027.

01ACQUIRED 1 JUL 2017	02ACTUAL VALUE 30 JUN 2027	03SOLD 30 JUN 2032
\$100,000	\$2,500,000	\$4,000,000

OWNER A

INDEPENDENT VALUATION incl.
RISK AND VALUE DRIVER ASSESSMENT

WHAT THE VALUER EXAMINES

FINANCIAL PERFORMANCE + COMMERCIAL EVIDENCE

INDEPENDENT RISK AND VALUE DRIVER ASSESSMENT

RECURRING REVENUE

CUSTOMER QUALITY

CONTRACTS / PIPELINE

IP + BRAND

SYSTEMS + PEOPLE

DEPENDENCIES + RISK

SUPPORTABLE TRANSITION VALUE

\$2.50m

PRE-REFORM NOMINAL GAIN

\$2.40m

POST-REFORM GROWTH

\$1.50m

OWNER B

ATO'S CALCULATION*

APPORTIONS THE GAIN - DOES NOT VALUE THE BUSINESS

COST

SALE PRICE

DAYS HELD

ASSUMPTION

ONE CONSTANT COMPOUND DAILY GROWTH RATE

No revenue analysis. No earnings quality. No customers, contracts, IP, brand, systems, people or business-specific risk.

FORMULA-ESTIMATED TRANSITION VALUE

\$1.17m

PRE-REFORM NOMINAL GAIN

\$1.07m

POST-REFORM GROWTH

\$2.83m

WHAT THE VALUATION MAY PRESERVE

\$1.33 million

more of the nominal gain is allocated to the pre-1 July 2027 period and may remain eligible for the existing 50% CGT discount, if applicable, in this example.

IMPORTANT QUALIFICATION

An independent business valuation is not designed to produce a higher value for CGT purposes. The valuer must consider favourable and adverse evidence and conclude the most supportable market value. In this example, the evidence supports \$2.50 million; for another business, the independent conclusion may be lower than ATO's calculation.

THE PRACTICAL RESPONSE

Assess the risk now. Preserve the evidence. Establish the value-driver pathway before 30 June 2027.

* 'ATO's calculation' refers to Treasury's current exposure-draft compounding-growth method and the anticipated ATO tool. Source: Treasury, Income Tax Assessment (Method for Apportioning Capital Gains and Capital Losses) Determination 2026 (Exposure Draft), s 5(3)-(5). Consultation closes 21 August 2026; the final method and ATO tools may change.

Illustrative allocation only - not a tax calculation. Actual outcomes depend on the final law, CPI indexation, minimum-tax rules, concessions, losses, structure and evidence.

VALUATION FUNDAMENTALS

How a defensible value is developed

A valuation is not a formula applied to the latest profit. The valuer must define the subject interest, understand the business, assess the quality and sustainability of earnings, consider risk and select methods suited to the evidence. ^[6,8,9]

- 1

DEFINE THE ASSIGNMENT
Confirm the valuation subject, legal owner, valuation date, purpose, basis of value and intended use.
- 2

UNDERSTAND THE BUSINESS
Analyse operations, customers, suppliers, people, systems, intellectual property, market position and key risks.
- 3

NORMALISE THE FINANCIALS
Separate maintainable performance from owner-specific, related-party, personal, one-off or non-recurring items.
- 4

APPLY AND CROSS-CHECK METHODS
Use earnings, cash-flow, market or asset approaches as appropriate, then test the reasonableness of the result.
- 5

DOCUMENT THE CONCLUSION
Explain methods, assumptions, evidence, limitations, sensitivities and the concluded value clearly enough to withstand scrutiny.

THE OBJECTIVE	The most supportable market value - not the highest number that can be produced. Independence requires favourable and unfavourable evidence to be considered.
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EVIDENCE AND TIMING

Preserve the evidence, not only the number

Financial records

- Annual financial statements and tax returns
- Detailed ledgers and management accounts
- Receivables, payables, inventory, debt and fixed assets
- Owner remuneration and non-recurring items

Commercial evidence

- Major customer and supplier information
- Contracts, leases and employee arrangements
- Licences, accreditations and IP records
- Organisation charts, procedures and ownership registers

Forward-looking material

- Budgets, cash-flow forecasts and business plans
- Board papers and capital-expenditure plans
- Forecast assumptions and evidence of preparation date

Market and risk evidence

- Competitor and industry information
- Transaction proposals or expressions of interest
- Known legal, regulatory and operational risks
- Contingent liabilities and significant dependencies

A PRACTICAL PREPARATION TIMELINE

Establish the evidence now. Strengthen the business. Update near the valuation date.

1

NOW

Complete the IBV Risk and Value Driver Assessment. Establish a dated, independent baseline of material non-financial risks, value drivers, dependencies and evidence gaps.

2

BEFORE 30 JUNE 2027

Act on the identified priorities. Improve material value drivers, address evidence gaps and preserve dated commercial records supporting the changes made.

3

CLOSE TO 30 JUNE 2027

Update the RAVDA as close as practicable to the valuation date. Capture the risks, value drivers and commercial circumstances existing immediately before 1 July 2027.

4

AFTER YEAR-END

Add reliable final financial information, reconcile it with the contemporaneous evidence and complete the independent valuation report as at 30 June 2027.

ATO READINESS | COMPLIANCE AND EVIDENCE

A defensible CGT valuation requires documented evidence

The ATO's evidentiary expectations and an IVS-aligned valuation process reinforce the need for objective analysis, reliable inputs, transparent assumptions and a documented conclusion.



WHAT THIS MEANS IN PRACTICE

ATO EXPECTATIONS

- Market value should be objective and supportable.
- Methods, assumptions and records should withstand review.
- The taxpayer retains responsibility for substantiation.

IVS-ALIGNED PROCESS

- Define the asset, purpose, valuation date and basis of value.
- Use appropriate approaches and relevant, reliable inputs.
- Document assumptions, judgements and the conclusion.

INDEPENDENT RISK & VALUE DRIVER ASSESSMENT

Establish the baseline now.
Create the evidence pathway.

IBV's RAVDA creates a dated, independent record of the business-specific non-financial risks and value drivers that may inform the valuation analysis.

Important: RAVDA is IBV's evidence-building methodology. It is not mandated by the ATO or IVS, and it does not replace the independent valuation report, tax advice or the taxpayer's substantiation obligations.[6-8]

\$1,450 + GST
per ABN

BOOK THE ASSESSMENT

FREQUENTLY ASKED QUESTIONS

Clear answers to common questions

? Is every business required to obtain a valuation?

No. The need depends on the applicable law, taxpayer, asset, ownership structure, materiality and available alternatives. Obtain tax advice first.

? Does this matter if I am not planning to sell soon?

Potentially. The issue is preserving evidence of value at 30 June 2027 for a later sale, transfer, restructure or other CGT event.

? Must the report be completed on 30 June 2027?

Not necessarily. It may be completed after year-end, but the engagement should be considered early and contemporaneous evidence preserved.

? Can my accountant prepare the valuation?

That depends on competence, independence, scope and professional obligations. For a material or contentious value, an independent specialist may provide stronger evidence.

? Is a broker appraisal enough?

A broker appraisal may serve a different purpose and may not contain the analysis, independence or documentation expected for a tax valuation.

? Does IBV calculate the tax liability?

No. IBV establishes market value for the agreed purpose. Your tax adviser determines the tax treatment, concessions and liability.

? Do the small-business CGT concessions remove the valuation issue?

Not automatically. Eligibility for a concession and substantiation of market value are separate questions. Advice is required for the specific circumstances.

? What if I wait and commission a retrospective valuation?

It may still be possible, but it can cost more and carry greater uncertainty where records, commercial context and market evidence have deteriorated.

NEXT STEPS

A simple owner-and-adviser action plan

Use these questions in your next discussion with your accountant or tax adviser:

- 1

ASK THE QUESTION
 Which business interests or CGT assets do I actually own, and through which entity?
- 2

ASK THE QUESTION
 Do the transition provisions apply to those assets and my circumstances?
- 3

ASK THE QUESTION
 Could market value at 30 June 2027 be material to a later CGT calculation?
- 4

ASK THE QUESTION
 Is a market-value valuation preferable to an available apportioning method?
- 5

ASK THE QUESTION
 What evidence should be preserved before and at the valuation date?
- 6

ASK THE QUESTION
 What should the valuer be instructed to value, for what purpose and on what basis?

THE PRACTICAL FIRST STEP

Start with the IBV Risk and Value Driver Assessment

\$1,450 + GST
per ABN

Establish a dated independent baseline, identify evidence gaps and create a measurable improvement pathway before the 30 June 2027 valuation date.

BOOK THE ASSESSMENT

Or speak with IBV about whether a CGT Protection Valuation may be appropriate.

PRACTICAL OWNER & ADVISER RESOURCE

START NOW - DO NOT WAIT FOR THE FINAL ACCOUNTS

The RAVDA establishes the non-financial evidence baseline before the final valuation.

1

NOW

Complete the RAVDA and establish the independent baseline of material risks and value drivers.

2

BEFORE 30 JUNE

Act on priorities, strengthen material value drivers and preserve dated evidence of changes.

3

CLOSE TO 30 JUNE

Update the RAVDA near 30 June 2027 and capture the business at the valuation date.

4

AFTER YEAR-END

Add final financials, reconcile the evidence and complete the independent valuation report.

1 Could an independent valuation be relevant?

Tick any circumstance that applies. A tick is a prompt for tax advice—not a conclusion that a valuation is required.

- ☐ A business or business asset is being sold or transferred.
- ☐ Shares or units in a private entity are being transferred.
- ☐ The transaction is between related parties.
- ☐ The interest is being gifted or transferred for nominal consideration.
- ☐ Historical market value may need to be established.
- ☐ A restructure, rollover or ownership change is proposed.
- ☐ The transaction forms part of family succession planning.
- ☐ The asset will be held at 30 June 2027 and the transition provisions may apply.
- ☐ Market value may be relevant to a CGT calculation or concession eligibility test.
- ☐ No recent arm's-length transaction establishes the market value.

COORDINATE THE ROLES

Your accountant or tax adviser determines whether the transition provisions apply and advises on the tax treatment. IBV independently establishes market value for the clearly defined asset, date and purpose.

2 Define the valuation brief

- ☐ Taxpayer and legal owner
- ☐ Relevant CGT event or transition provision
- ☐ Business, asset, shares or units to be valued
- ☐ Valuation date and reporting deadline
- ☐ Legal interest and ownership percentage
- ☐ Purpose, intended users and permitted use
- ☐ Basis of value
- ☐ Any required apportioning analysis

ASSET OR INTEREST	TAXPAYER / LEGAL OWNER	VALUATION DATE
PURPOSE	BASIS OF VALUE	DEADLINE

EVIDENCE AND QUALITY CONTROL

Prepare the evidence

A concise information checklist for business owners and advisers

3 Information to gather

Financial records

- Three to five years of financial statements and tax returns
- Detailed ledgers and current management accounts
- Assets, liabilities, debt, surplus and non-operating assets
- Owner remuneration, related-party and non-recurring items

Ownership and commercial

- Entity structure, registers, deeds and shareholder agreements
- Customers, suppliers, recurring revenue and concentration
- Material contracts, leases, licences and intellectual property
- Employees, systems and owner dependencies

Forward-looking material

- Budgets, cash-flow forecasts and business plans
- Forecast assumptions and evidence of preparation date
- Board papers and capital-expenditure plans
- Plans known at the valuation date—not recreated later

Market and risk evidence

- Industry, competitor and relevant transaction evidence
- Offers, proposals or expressions of interest
- Known legal, regulatory and operational risks
- Contingent liabilities and significant dependencies

4 What a defensible process and report should show

- ☐ Clearly defined asset, owner, date, purpose and basis of value
- ☐ Business-specific risks and value drivers
- ☐ Reliable source records reconciled to financial information
- ☐ Material assumptions, limitations and sensitivities
- ☐ Maintainable earnings and transparent adjustments
- ☐ A reasoned conclusion connected to the evidence
- ☐ Appropriate methods, market evidence and cross-checks
- ☐ Independence and a fee not contingent on the result

CLIENT CONFIRMATION BEFORE FINALISATION

Written confirmation that supplied information is complete and accurate and that the assumptions recorded in the draft are reasonable.

FOUR WARNING SIGNS

Rule-of-thumb only; unclear date or purpose; unexplained adjustments; or a predetermined value unsupported by evidence.

IMPORTANT INFORMATION

Disclaimer, notes and references

IMPORTANT DISCLAIMER

This guide provides general information only. It does not constitute tax, legal, accounting, financial-product or investment advice and must not be relied on to determine whether the CGT transition provisions apply, whether a valuation is required, or the tax treatment of any asset or transaction.

The legislation is complex and its application depends on the taxpayer, asset, ownership structure, transaction and circumstances. Obtain advice from an appropriately qualified tax adviser and, where relevant, legal adviser before acting.

IBV provides independent valuation services for an agreed asset, valuation date and purpose. IBV does not determine eligibility for CGT concessions, calculate tax liability or guarantee ATO acceptance. Laws, instruments and administrative guidance may change after publication.

Full disclaimer: independentbusinessvaluations.com.au/disclaimer/

NOTES AND REFERENCES

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Sources checked 8 August 2026. The apportioning determination remains an exposure draft and consultation closes 21 August 2026. Readers should obtain current advice before relying on this guide.