

WHAT ARE
The social security gifting rules?

JULY 2026

Before gifting away some of your assets or retirement savings to help family or friends, consider the impact to your social security entitlements.

How does it work?

If you or your partner receive social security benefits from Centrelink or the Department of Veterans' Affairs (DVA), gifts to friends or family can affect your payment rate.

A gift is defined as selling or transferring income or an asset for less than its value, or for nothing, in return. However, if you receive money, goods, or services of equal value in exchange, it is not considered a gift.

The gifting rules do not prevent you from making gifts, but they do impose a cap on how much you can give away before it impacts your entitlement.

When applying for a Centrelink/DVA payment, you will generally need to disclose any gifts made in the previous five years. Additionally, you must inform Centrelink/DVA within 14 days of making any new gifts, sales, or transfers after your application is approved.

Gifting limits

There are two gifting limits:

1. A person or a couple can gift assets of up to $10,000 each financial year. This $10,000 limit applies to a single person or the combined amounts gifted by a couple, and

2. Additionally, there is a gifting limit of $30,000 over a rolling five year period.

These limits work together, allowing you to gift up to $10,000 per financial year without penalty, as long as you don't exceed the $30,000 limit over five years.

Exceeding gifting limits

If you gift more than the allowed limits, the excess is called a deprived amount. Deprived amounts are considered an asset for five years from the date of the relevant gift and are subject to deeming under the income test.

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After the five-year period, the deprived amount is no longer counted as an asset or subject to deeming under the income test.

What is counted as gifting

Some examples of gifting for social security purposes include:

- Transferring ownership of an asset for less than its market value, such as giving a car, property, or shares to someone without receiving full market value in return.
- Paying school fees for your grandchildren.
- Putting money and other assets into a family trust that you or your partner do not control.
- Instructing your income stream provider to redirect income payments to another person because you do not require the income.
- Forgiving a portion of a loan you have given to someone, which can be considered a gift.

Before making a gift, it is important that you contact Centrelink/DVA using the regular payment line, or consult your financial adviser, to check if it will change your payment.

Exemptions

Certain transactions are not counted as a gift. Broadly speaking, these include:

- Assets transferred between members of a couple, such as when a person who has reached age pension age withdraws money from their superannuation and contributes it to a superannuation account in the name of a spouse who has not yet reached age pension age.
- Certain gifts made by a family member or a close relative to a Special Disability Trust.
- Assets given, or construction costs paid, for a 'granny flat' interest.

Other considerations

If you want to gift away a large amount in a single lump sum, you could consider a loan/gift strategy.

Financial year	Gift	Loan value
2024/25	$10,000	$20,000
2025/26	$10,000 (amount of loan forgiven)	$10,000
2026/27	$10,000 (amount of loan forgiven)	$0

This strategy permits $30,000 to be transferred to another person in a single financial year without exceeding gifting limits in future years.

Gifting allows you to help family members or friends. However, you will lose access to the funds and will not be able to generate income from them. You may gain an increase in Centrelink/DVA entitlements, but this will be less than the amount you are giving away. Therefore, it is important to ensure you have sufficient financial resources and can afford to make the gift without expecting any repayment in the future.

Example 1: Not impacted by gifting limits

No deprived amount applies as gifts remain under $10,000 in a single year and the total amount gifted over five years is $29,000, which is within the $30,000 per rolling five-year rule.

Financial year	Gift	Deprived asset under the $10,000 in a single year rule	Deprived asset under the $30,000 five-year rule
2022/23	$5,000	$0	$0
2023/24	$5,000	$0	$0
2024/25	$8,000	$0	$0
2025/26	$6,000	$0	$0
2026/27	$5,000	$0	$0

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Example 2: Impacted by one of the gifting limits

Financial year	Gifted amount	Deprived asset under the $10,000 in a single year rule	Deprived asset under the $30,000 five-year rule
2025/26	$31,000	$21,000	$0
2026/27	$3,000	$0	$0

In 2025/26, a deprived amount of $21,000 was created as it exceeds the $10,000 in a single year rule. It will continue to be counted as an asset and subject to deeming for the income test for five years from the date of the relevant gift.

In 2026/27, while gifts totalling $34,000 have been made, no deprived asset is assessed under the five-year rule after considering the deprived amounts already assessed, i.e., $31,000 plus $3,000 minus $21,000 = $13,000, which is less than the relevant five-year limit of $30,000.

Example 3: Impacted by both gifting rules

Financial year	Gifted amount	Deprived asset under the $10,000 in a single year rule	Deprived asset under the $30,000 five-year rule
2022/23	$16,000	$6,000	$0
2023/24	$8,000	$0	$0
2024/25	$17,000	$7,000	$0
2025/26	$9,000	$0	$7,000
2026/27	$16,000	$6,000	$0

In 2025/26, total gifts up until that year are $50,000 ($16,000 plus $8,000 plus $17,000 plus $9,000) minus deprived assets already maintained of $13,000 ($6,000 plus $7,000) equals $37,000. $37,000 exceeds the $30,000 5-year free area by $7,000 accordingly a $7,000 deprived asset is assessed.

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