

Is Your Business Eligible For The Instant Asset Write-off?

We have compiled a checklist to help determine if your business and purchases may be eligible for the scheme.



The government has further lifted the limits on the instant asset write off scheme by giving small to medium business owners even more opportunity to invest in their business and reap the cashflow benefits.

Eligible businesses with an aggregated turnover under \$5 billion could get an immediate tax deduction for the full cost of new eligible depreciable assets acquired, start to use or installed ready for use between 7:30pm AEDT on 6 October 2020 and 30 June 2022¹.

For small and medium sized businesses with an aggregated turnover under \$50 million, full expensing also applies to eligible second-hand assets.

We have compiled a checklist to help determine if your business and purchases may be eligible for the scheme.

Eligible if:

- your business turns over less than \$50 billion annually.
- the asset must be first used or installed ready for use between 7.30pm AEDT on 6 October 2020 to 30 June 2022.

Note: the instant asset write-off eligibility criteria and threshold has changed over time - check your business eligibility and correct threshold amounts depending on when the asset was purchased, first used or installed ready for use.

- Does not include:
 - assets that are leased out, or expected to be leased out, for more than 50% of the time on a depreciating asset lease
 - assets you allocated to a low-value assets pool before using the simplified depreciation rules
 - horticultural plants including grapevines
 - software allocated to a software development pool (but not other software)
 - assets used in your research and development (R&D) activities
 - capital works, including buildings and structural improvements².
- For purchases of cars, they must be passenger vehicles designed to carry a load less than one tonne with fewer than nine passengers. It does not apply to motorcycles or similar vehicles, or to vehicles fitted out for use by people living with a disability.

The car limit is:

- \$57,581 for the 2019–20 income tax year
- \$59,136 for the 2020–21 income tax year³

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- You claim the business use portion of the asset only

If you are considering purchasing business equipment or assets to make the most of the scheme but concerned about disrupting cash flow, finance could be the answer.

Contact us to explore finance options best suited to your business.

We also strongly recommend you seek advice from a Registered Tax Agent or Accountant. If you do not have one, we can always refer you to one.

- 1. Budget boost to small business | Australian Taxation Office (ato.gov.au)*
- 2. Assets and exclusions | Australian Taxation Office (ato.gov.au)*
- 3. Instant asset write-off and the car limit | Australian Taxation Office (ato.gov.au)*