

\$150,000 Instant Asset Write Off – Extended to 31 December 2020

The \$150,000 Instant Asset Write Off was introduced by the Government on 12 March 2020. This generous deduction was rolled out with a purpose of stimulating the economy due to impact of COVID-19 on small to medium business. However, the proposed change is subject to the parliamentary process and is not yet law. Prior to announcement by treasurer Josh Frydenberg, the instant asset write off was going to be reverted back to the original \$1,000 at 30 June 2020.

The instant asset write-off will help to improve cash flow for businesses by bringing forward tax deductions for eligible expenditure. The threshold applies on each asset basis, meaning eligible businesses can immediately write off multiple assets as long as the cost of each individual asset is less than the threshold. It applies to new and second-hand assets, but specifically exclude assets that are not in simplified depreciation rules, such as: assets that are leased out, assets allocated in low value pool, horticultural plants, software allocated to a software development pool and capital works deductions. Possible deductions include purchase of plant and equipment, motor vehicles, and any other asset costing less than \$150,000 each.

In order to utilise instant asset write off, you must meet a few eligibility criteria. Your aggregated turnover must be of \$500 million and lesser. In addition, the date of purchase, date first used or installed ready for use must be within the timeframe. Specific items worth noting before you made the purchase such as, motor vehicle purchases are still limited to \$57,581 inclusive of GST and the deductibility of assets are proportioned to business use.

Need further advise on tax planning or would like to find out other available tax incentives to get your business up and running again? Contact STC Partners at 08 93621000 or email us at admin@stcpartners.com.au.