

PALMER & ASSOCIATES

CERTIFIED PRACTISING ACCOUNTANTS

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Small Business \$20,000 Immediate Tax Deduction: Frequently Asked Questions

Is my business eligible?

Any business that meets the definition of a small business is eligible, that is a business with a turnover of less than \$2 million may be eligible to claim immediate deduction on the cost of depreciating assets to the value of up to \$20,000.

Are all assets eligible?

All depreciating assets are eligible excluding a few exceptions which traditionally receive different depreciation treatment such as:

- Horticultural plants
- Capital works
- Assets allocated to a low value pool
- Primary production assets
- Assets leased to another party

Businesses need to ensure that the deduction is claimed in the year the asset was first used and that the asset is used in an income earning capacity for a taxable purposes.

Are second hand assets eligible?

Yes, all assets including new, old and second hand assets are eligible.

GST inclusive or exclusive?

If your business is registered for GST, then use the GST exclusive amount as the cost of the asset. When your business is not registered for GST, then use the GST inclusive amount.

When does this new law commence?

The new measures commenced at 7.30pm (AEST) 12 May 2015 and will cease on 30 June 2017. The balance of an existing general pool can also take advantage of the rules and immediately deduct any balance less than \$20,000, at the end of an income year that ends on or after 12 May 2015 and on or before 30 June 2017.

Do I have a choice of depreciation methods?

Yes, you can choose the depreciation method that best suits your situation, either the instant write off or the previous simplified depreciation rules, where assets valued at over \$1,000 were added to the general pool. You can decide which method you prefer on an asset by asset basis.

Our aim is to provide relevant information to inform and help create opportunities for our clients. Please note: many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation of the information's applicability to their particular circumstances. If you require further information regarding the contents of this newsletter please do not hesitate to contact our office.