

Assets Costing Less Than \$20,000

- The measure applies to small business with aggregated annual turnover of less than \$2 million. It provides an immediate tax deduction for the Asset, rather than claiming the Asset over 5 to 10 years.
- Applies to Assets acquired from 7:30 p.m. 12 May 2015 to 30 June 2017. To obtain this generous tax deduction in the 2016-17 year the relevant Asset must be used or have installed ready for use by 30 June 2017. If you have any questions in this area please either e-mail or phone us (david@djccounting.com.au; phone number: 02 9588 3471).
- All assets are eligible, including new and second hand. Small number of exclusions:-
 - Horticultural plants
 - Capital Works
 - Low Value Pool or Software Development Pool
 - Primary Production Assets for which the entity has chosen the normal depreciation rules rather than the simplified depreciation rules.
 - Assets leased out to another party on a depreciating asset lease.

Primary Production Assets

Immediate Deduction from 12 May 2015 for the following:-

- Fencing and water facilities such as dams, tanks, bores, Irrigation channels, pumps, water towers and windmills.
- It applies to each relevant business asset costing less than \$20,000 (Ex-GST, if your business is registered for GST).
- Only the business portion of the Asset can be claimed. For example, if you purchase a motor vehicle for \$16,000 (ex-GST) and the business use is 75%, then you can claim a tax deduction of \$12,000 under this rule ($16,000 \times 75\% = \$12,000$).
- The Tax Savings in purchasing before 30 June 2017 are:
For a 100% Business Asset, costing \$19,500 (Ex-GST) and a company tax rate of 28.50% the tax saving is \$5,557. In comparison if the same Asset was purchased after 30 June, 2017 the tax saving would be \$834 ($\$19,500 \times 15\%$ depreciation rate \times 28.50% company tax rate).

The Net Tax Saving in purchasing and using an Asset on or before 30 June 2017 is \$4,723.

Therefore, if the business believes a business asset would be a good productive investment then you should strongly consider purchasing before 30 June, 2017.