

Further extensions for Instant Asset Write-Off



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The Instant Asset Write-Off Scheme has been extended to 30 June 2020 for assets purchased under \$30,000.

The scheme affects small to medium businesses with a turnover of up to \$50 million a year, allowing business owners to immediately deduct assets costing up to \$30,000 which can then be claimed for tax in that income year. The new rules will apply from 2 April 2019 and are set to remain in place until 30 June 2020.

This extension was introduced in the 2019-20 Federal Budget, increasing the write-off threshold and eligibility criteria. The threshold applies on a "per asset" basis, meaning that eligible businesses can instantly write off multiple assets. There are certain assets that are excluded from the scheme so it is best to check with your accountant or financial advisor.

While the Instant Asset Write-Off Scheme reduces the tax your business has to pay, it is not a rebate. Cash flow will still need to be sufficient to support any purchases. Ways that assets are purchased, such as



lease or borrowing methods, may affect eligibility for the scheme.

This change will not supersede the previously announced threshold increase that allows businesses to immediately deduct purchases or eligible assets costing less than \$25,000. The \$25,000 increase applies from 29 January 2019 until budget night (2 April 2019) whereas the

new \$30,000 increase applies from budget night until 30 June 2020.

There is no guarantee that the Federal government will extend this scheme beyond 30 June 2020.

Need assistance with effective tax planning? Give us a call to find out how.

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