



## Act now to take advantage of the **\$150K Instant Asset Write Off** incentive available to **small and medium size businesses**

You have until 30 June to borrow and buy assets for your business if you want to take advantage of the Government's asset write off incentive.

As a business owner, you should (or at least your accountant should) be aware of the government's terrific initiatives to assist small businesses' cash flow.

### **What is the \$150K Asset Write Off?**

Small and medium businesses can claim an immediate tax deduction for any asset that costs less than \$150,000 (as long as it is used for tax-deductible purposes).

**These rules** apply to each asset costing less than \$150,000. Therefore, multiple assets could be purchased with each one entitled to a full tax deduction.

### **Who can access the \$150K Asset Write Off?**

Only small and medium businesses that meet the definition of:

- a small business entity (SBE)

*those businesses with an aggregated turnover of less than \$10m, or*

- a medium business entity (MBE)

*those businesses with an aggregated turnover of \$10m or more, but less than \$500m.*

### **What assets are eligible?**

Most material assets that depreciate in value over time are eligible for the instant write-off.

### **Exceptions**

There are a small number of exclusions including:

- trading stock items
- land
- non-farming buildings and capital works
- horticultural plants
- water facilities
- fodder storage assets, and
- farm fencing.

### **Are motor vehicles eligible?**

Yes - however the car cost limit of \$57,581 for 2019/20 will still apply to cap deductions for 'cars'.

'Cars' are considered vehicles that are mainly designed to **carry passengers** and designed to **carry a load of less than one tonne and fewer than nine passengers**.

Both new and second hand assets are eligible for the instant write-off.

### **Is there a cut off time?**

**Yes. So you need to act now.**



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The new threshold of \$150,000 applies for a limited time only for depreciating **assets first used** or installed ready for use between 12 March 2020 and 30 June 2020 (after 30 June 2020 the threshold will reduce to \$1,000).

As long as the asset is first used or installed between 12 March 2020 and 30 June 2020 (the asset could have been acquired any time up to **5 years ago!**)

That's

- after 7.30 pm (ACT time) on 12 May 2015 for small business entities, or
- 7.30 pm (ACT time) 2 April 2019 for medium business entities.

### **What do I do now?**

Talk to us about financing your new asset now.

Vehicle and equipment interest rates are so low at the moment.

It's a great time to secure finance, upgrade or replace equipment, purchase/upgrade your technology platforms or to do some fit out.

Some of you would also know that in recent months the lending landscape has changed in many ways.

Some of the measures SBEs and MBEs have put in place to protect themselves throughout COVID-19 have had a negative knock on effect to their borrowing capacity. These measures may not have been fully considered before implementing.

We can discuss all your options and work through possible solutions to your financial headaches.

We will help you take advantage of as many Government incentives as we can.

Let's chat soon.

We're just a phone call away.