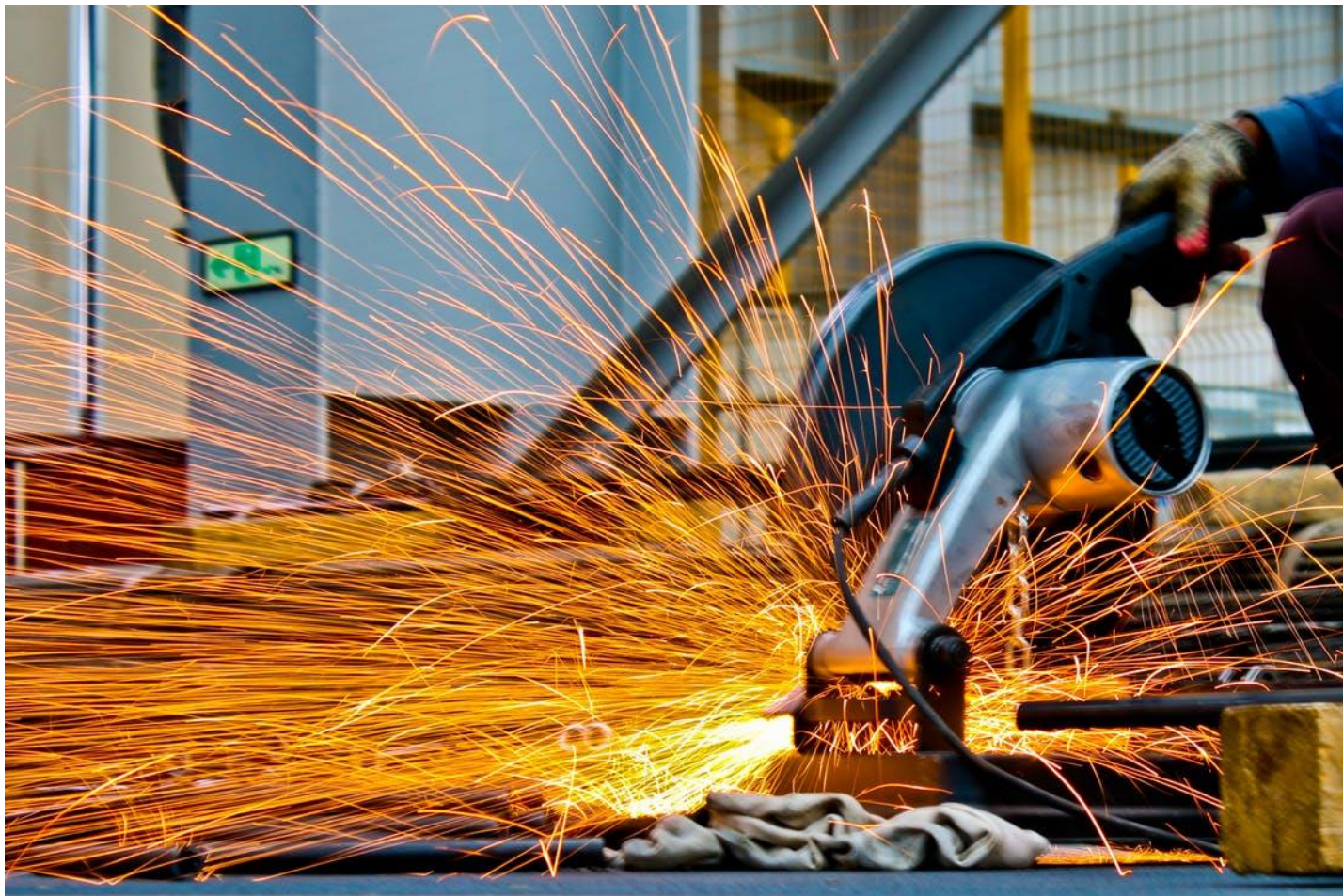


Instant asset write-off stimulus package



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The instant asset write-off currently in ITAA 1997 Div 328 and Div 40 will be extended to include the vast majority of businesses in Australia. As a result of the Coronavirus pandemic, the government has announced that businesses with less than \$500m in turnover will have access to an immediate write-off for an asset under the following conditions:

- purchased and installed ready for use between 12 March 2020 and 30 June 2020, and
- costing less than \$150k.

This is up from \$30k which was currently available to businesses with less than \$50m in turnover.

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Instant asset write-off tables – based on entity's turnover

<u>Assessable income \$10m and under</u>	
Timeframe	Instant asset write-off limit
12 May 2015 to 28 January 2019	\$20,000
29 January 2019 to 2 April 2019 7:30pm (AEDT)	\$25,000
2 April 2019 7:30pm (AEDT) to 11 March 2020	\$30,000
12 March 2020 to 30 June 2020	\$150,000
From 1 July 2020	\$1,000

<u>Assessable income between \$10m and \$50m</u>	
Timeframe	Instant asset write-off limit
Prior to 2 April 2019	\$1,000
2 April 2019 7:30pm (AEDT) to 11 March 2020	\$30,000
12 March 2020 to 30 June 2020	\$150,000
From 1 July 2020	\$1,000

<u>Assessable income between \$50m and \$500m</u>	
Timeframe	Instant asset write-off limit
Prior to 12 March 2020	\$1,000
12 March 2020 to 30 June 2020	\$150,000
From 1 July 2020	\$1,000

Notes on small business depreciation pools

At this stage, no word has been given on whether this change will apply to the general write-off of the entire balance of a general small business deprecation pool. As there is minimal interaction between ITAA 1997 Div 40 and Div 328, it may need to be written into both areas of legislation.

The reason for this is because an entity utilising Div 328, ie the small business depreciation pools with a current \$30k limit, cannot then utilise Div 40 for one asset purchased over \$30k. It must apply Div 328 to all assets throughout the same income year.

However, at this stage it appears unlikely that allowing a general pool write off up to \$150k will be included. Currently at \$30k, it is reasonable to conclude that many small businesses will already be eligible for an entire balance write-off.

Source CCH 13th March 2020.