

Instant asset write-off

Small businesses with an annual turnover of less than \$2 million have a range of tax concessions. One of these concessions that is well utilised by our clients is the ability to immediately deduct an asset purchased below a certain amount, rather than have to depreciate it over the years. For a short period any asset purchased costing less than \$6,500 can be immediately deducted. This means, assets costing less than \$6,500 and purchased by small businesses between 1 July 2013 and 31 December 2013 are eligible to be written off immediately.

The government has announced that from 1 January 2014 this threshold has been lowered to \$1,000. Any asset purchased from 1 January 2014 can only be immediately written off if less than \$1,000.

Accelerated initial deduction for motor vehicles

Similarly, there is a provision in place where, if a vehicle was purchased in the 2012/2013 year, an immediate deduction of \$5,000 was allowable with the remaining amount to be depreciated in a general small business pool. If a motor vehicle was purchased between 1 July 2013 and 31 December 2013, the immediate deduction of \$5,000 is still allowable.

This deduction has now been removed, as from 1 January 2014 the whole amount can only be depreciated in the general small business pool. Any motor vehicle purchased after 1 January 2014 will be added to the general small business pool without an immediate deduction.

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