



Claim Your Limitless Asset Write-off Now

Are you one of the 3.5 million business owners in Australia eligible for an extended tax break and business boost?

If you are not taking advantage of the asset write-off scheme for businesses, you could be missing out on the accelerated cashflow benefits that may possibly be utilised to fuel growth or improve efficiencies within your business!

In a further transformation of the Instant Asset Write-off scheme, the federal government now allows businesses earning up to a \$5 billion aggregate turnover to 'instantly' write off the full cost of new eligible depreciable assets rather than over time!

But first, more about the scheme...

No limit!

Previously limited to \$150,000, the Government has introduced no limit on asset prices – and it can be used for multiple assets! Additionally for small and medium sized businesses with an aggregate turnover under \$50 million, full expensing also applies to eligible second-hand assets¹.

How long will it last?

This temporary measure can be applied to new eligible depreciable assets acquired that started to be used or installed ready for use between 7:30pm AEDT on 6 October 2020 and 30 June 2022¹.

Plan ahead to avoid delays

This may seem like a while away, but with many lenders experiencing extended processing times it is important to seek advice and plan ahead with your financial specialist to avoid disappointment and delays.

In some cases, finance approvals can take up to six weeks. Add to this the time taken for transit, delivery and installation, you could be waiting up to two months or more to use your new asset(s)!

How can this help boost your business?

Additional assets could help grow your business or improve efficiencies.

With the extension of the scheme, the upfront cashflow required to acquire these assets is now arguably lower as you can write off 100% of the asset's value in the year it is ready to use. Therefore you are bringing forward all future deductions that were previously claimed in later years.

Do you need a forklift, freezer or second-hand plant and equipment such as vehicles, tools and office equipment²? You could potentially claim these under this scheme.

Find out if your business is eligible by reading our 'Is Your Business Eligible For The Instant Asset Write-off?'

What should you be aware of?

• Exclusions apply

Some types of assets are excluded from the scheme such as buildings, good will, customer lists, capital works and horticultural plants³.

• Tax deduction, not a rebate

This is not a rebate scheme, but an accelerated deduction that reduces your taxable profit in the short term.



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- **Record keeping**

It is important to keep records of all purchases claimed under the scheme including when the purchase was made and the value. It is necessary to have sufficient evidence to verify and support your claim.

The Australian Taxation Office (ATO) states you should ensure you understand record-keeping requirements for your business and make it a priority to keep accurate and complete records. Consult with your Tax Agent, Accountant or the ATO for tips on record-keeping.

- **Buy for the right reason**

It is important to buy assets that are put to good use in your business and add to your bottom line, not just to attract tax benefits. You do not want to be adding to your debt just to take advantage of the scheme particularly as it only generates a timing benefit.

Borrowing funds means you could purchase asset(s) without an upfront drain on the financial resources of your business and ease pressures on your business cashflow.

We recommend you consult your Accountant or Tax Specialist and your Finance Specialist (us!) to assess eligibility, how your business will benefit, impact on your cash flow and finance options.

Every business and finance application is unique but there are things you can do to speed the process along. We can help you take all the necessary steps to ensure a well-planned and prepared application to avoid any further delays. One of the biggest contributing delays on top of the longer turn-around times from lenders is incomplete documentation.

Sources

1. *Instant Asset Write-off expands to 'temporary full expensing'* - MYOB Pulse
2. *Explained: How SMEs can access the 'limitless' asset write-off scheme* (smartcompany.com.au)
3. *Assets and exclusions* | Australian Taxation Office (ato.gov.au)

Remember to contact us to read our topic sheet on **'Is Your Business Eligible For The Instant Asset Write-off?'**

