



## THE SMALL BUSINESS INSTANT ASSET WRITE-OFF

### SMALL BUSINESS INSTANT TAX WRITE-OFF EXAMPLES



**PAUL'S CARPENTRY PTY LTD**

Paul's Carpentry Pty Ltd is not registered for GST but qualifies as a small business. Paul purchases a new ute for \$28,000 on 1 June 2019, and spends an additional \$5,000 on 20 June 2019 to attach a towbar and specially-designed roof racks.

The cost of the towbar and roof racks would be added to the cost of the vehicle in determining the instant asset write-off as they are considered an improvement to the vehicle. Therefore Paul's Carpentry Pty Ltd would not be able to claim the instant asset write-off as the cost of the vehicle would be \$33,000.



**SARAH, SOLE TRADER**

Sarah operates a GST-registered small consultancy business as a sole trader. She purchases a new car on 30 June 2019 for \$35,000 (excluding GST) that will be used 50% of the time for her business.

Even though the value of the car to the business is \$17,500 ( $\$35,000 \times 50\%$  business use), Sarah cannot immediately write off the car as the cost is over \$30,000. The car must be added to Sarah's small business pool.



**DAVID'S AUTO CLINIC PTY LTD**

David's Auto Clinic Pty Ltd is a small business registered for GST that needs to upgrade a large piece of equipment. He buys the new equipment for \$32,450 (GST inclusive) on 1 July 2019.

David's Auto Clinic Pty Ltd can claim an immediate tax deduction for \$29,500 (the GST exclusive value of \$32,450) in the 2019-2020 financial year as the depreciating asset cost is less than \$30,000.

2019/06

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