FINANCIAL **FACT SHEET**

THE SMALL BUSINESS INSTANT ASSET WRITE-OFF

HOW THE RULES MAY APPLY FROM 01 JULY 2026

The examples below illustrate common situations where and how the Small Business $20,000 instant asset write-off might apply. The outcome for your business will depend on its eligibility, GST registration, use of the simplified depreciation rules, the nature and cost of the asset, and the extent to which it is used to produce assessable income.

DJ'S AUTO CLINIC PTY LTD

DJ's Auto Clinic Pty Ltd is GST-registered, has an annual turnover of $2.1 million and uses the simplified depreciation rules. In August, the business buys a vehicle hoist for $21,450 including GST. The GST-exclusive cost is $19,500. The hoist is installed and ready for use in the workshop by late August and is used entirely for business.

OUTCOME: Because the relevant cost is $19,500, which is less than $20,000, the company can claim an immediate deduction of $19,500 in the current financial year.

SARAH, SOLE TRADER

Sarah runs a GST-registered PR consulting business with $550,000 in annual turnover and she uses the simplified depreciation rules. Sarah purchases a laptop for $5,500 excluding GST. The laptop is ready for use immediately. Her records show that it is used 80% for business and 20% privately.

OUTCOME: The asset cost is below the $20,000 threshold. Sarah can claim an immediate deduction for the 80% taxable-use portion, being $4,400. The private-use portion is not deductible.

PAUL'S CARPENTRY PTY LTD

Paul's Carpentry Pty Ltd is not registered for GST, has an annual turnover below $1 million and uses the simplified depreciation rules. The business buys a second-hand trailer for $20,000 including GST and begins using it immediately and entirely for business.

OUTCOME: The trailer does not qualify for the instant asset write-off because the cost is exactly $20,000, not less than $20,000. Its cost is generally allocated to the small business pool and depreciated under the simplified depreciation rules.

2026/08

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COASTAL CAFÉ PTY LTD

Coastal Café Pty Ltd is GST-registered and eligible to use the simplified depreciation rules. During the current financial year, it purchases and installs a commercial mixer for $8,000, a refrigerator for $14,500 and a coffee grinder for $3,200. All figures are GST-exclusive, and each asset is used entirely in the business.

OUTCOME: Each asset is tested separately. Because each costs less than $20,000 and is installed ready for use during the income year, the café can claim immediate deductions totalling $25,700. There is no overall annual cap on the number of qualifying assets.

GREENFIELD LANDSCAPING

Greenfield Landscaping is an eligible small business using the simplified depreciation rules. It previously claimed an immediate deduction for a work vehicle. In September, it incurs $18,500 for the first deductible cost addition to that vehicle after the year in which the vehicle was written off. The addition is installed ready for business use during the same financial year.

OUTCOME: Because this is the first eligible second-element cost incurred after the asset was written off and the amount is less than $20,000, the business may claim an immediate deduction for the $18,500 cost addition, subject to the detailed rules.

POINTS TO REMEMBER

- The threshold is strictly less than $20,000 for each eligible business asset.
- Eligibility is based on aggregated annual turnover, not simply the turnover of one entity in a connected group.
- The business must use the simplified depreciation rules and the asset must not be excluded from those rules.
- The asset must be first used or installed ready for use in the relevant financial year.
- Only the business or taxable-use portion is deductible.
- GST registration affects whether the threshold is generally tested using the GST-exclusive or GST-inclusive cost.
- Assets costing $20,000 or more are generally dealt with through the small business pool, subject to any rules or exclusions.
- Records should support the asset cost, date ready for use, business-use percentage and eligibility for the concession.

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