FINANCIAL **FACT SHEET**

SMALL BUSINESS SUPPORT
INSTANT ASSET WRITE-OFF

SMALL BUSINESS INSTANT ASSET WRITE-OFF | A PERMANENT MEASURE

The $20,000 instant asset write-off is intended to give eligible small businesses greater certainty when planning equipment purchases and other capital expenditure. Legislated as a permanent measure from 01 July 2026, eligible businesses can immediately deduct the business-use portion of qualifying depreciating assets that cost less than $20,000 and are first used, or installed ready for use, during the relevant income year.

While an immediate tax deduction can help cash flow, acquiring any business asset should still meet a genuine business need, improve efficiency or profitability, and fit within the business's available cash or borrowing capacity.

THE $20,000 INSTANT ASSET WRITE-OFF IN DETAIL

- It is available to eligible small businesses with aggregated annual turnover of less than $10 million that use the simplified depreciation rules.
- The asset must cost less than $20,000. An asset costing exactly $20,000 does not qualify for the immediate write-off.
- The threshold applies to each asset individually, so a business may claim an immediate deduction for multiple qualifying assets in the same income year.
- Both new and second-hand assets may qualify, subject to the normal exclusions and limits.
- The asset must be first used, or installed ready for use, for a taxable purpose during the income year in which the deduction is claimed.
- Only the taxable or business-use portion is deductible where an asset is used partly for private purposes.
- For a GST-registered business that can claim GST credits, the GST-exclusive cost is generally used when applying the threshold. A business that is not registered for GST generally uses the GST-inclusive cost.
- Eligible assets generally have a limited effective life and are expected to decline in value. Land, buildings, trading stock and assets excluded from the simplified depreciation rules do not qualify.
- Certain cost additions to an asset previously written off may qualify where the addition is the first deductible second-element cost incurred after the asset was written off and the amount is less than $20,000.

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PLAN THE PURCHASE, NOT JUST THE TAX DEDUCTION.

The instant asset write-off is not a grant or rebate. It is a tax deduction that reduces taxable income. Only purchase assets that make commercial sense and support the long-term profitability of your business.

2026/08

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Learn more at **www.peakpartnership.com.au**

The Peak Partnership
CHARTERED ACCOUNTANTS

SMALL BUSINESS **INSTANT ASSET WRITE-OFF**

ASSETS COSTING $20,000 OR MORE

An asset that costs $20,000 or more cannot be immediately deducted under the instant asset write-off.

For an eligible small business using simplified depreciation, the business-use portion is generally added to the small business pool and depreciated at 15% in the first income year and 30% in later income years.

Other depreciation rules may apply to assets excluded from the simplified depreciation system.

BEFORE COMMITTING TO A PURCHASE

- Confirm that your business satisfies the aggregated turnover test and is using the simplified depreciation rules.
- Check the total cost of the asset, including amounts that form part of its cost, and whether GST is included or excluded for your business.
- Make sure the asset will be first used or installed ready for use by the end of the income year in which you intend to claim the deduction.
- Consider the expected business-use percentage, any private use and any special limits or exclusions that may apply.
- Keep invoices, evidence of payment, installation records and records supporting the business-use percentage.
- Assess the effect on cash flow. The tax benefit may arise after the purchase has been paid for and after the relevant tax return is lodged.
- Speak with your Business Adviser at The Peak Partnership before making a significant purchase or entering finance arrangements.

CASH FLOW REMAINS PRIORITY NUMBER ONE

The instant asset write-off brings forward a deduction that might otherwise be claimed over several years.

It does not reimburse the purchase price, and the value of the tax saving depends on the business's taxable position and applicable tax rate.

If a business has little or no taxable income, the immediate deduction may not produce an immediate cash tax saving. Likewise, borrowing to acquire an unnecessary asset may create repayments and interest costs that continue long after the deduction has been claimed.

IN SUMMARY

The permanent $20,000 instant asset write-off gives eligible small businesses more certainty when planning lower-value capital purchases.

Used carefully, it may improve the timing of deductions and support cash flow. The commercial value of the asset, the business's financial capacity and the detailed tax rules should all be considered before proceeding.

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