



## **LA PARTNERS'S 2015/16 BUDGET BUSINESS SUMMARY 12 May 2015**

### **Key Points**

- Immediate Tax Deduction for Assets/Equipment costing less than \$20,000 for Small Businesses;
- Company tax rate cut to 38.5% for Small Businesses;
- Immediate deduction for professional expenses on commencing a new business;
- Relaxing the FBT exemption for work-related electronic devices provided to staff by Small Businesses.

### **1. Changes effective Budget Night – 7.30pm (AEST) 12 May 2015**

#### **1.1 Expanding accelerated depreciation for small business – immediate write-off**

The government will significantly expand accelerated depreciation for small businesses. It will do this by allowing small businesses with aggregate annual turnover of less than \$2 million to immediately deduct assets they start to use or install ready for use, provided the asset costs less than \$20,000 (currently, an immediate write-off is generally available for assets costing less than \$1,000). This will apply for assets acquired and installed ready for use between 7.30pm (AEST) 12 May 2015 and 30 June 2017.

### **2. Changes effective 1 July 2015 (i.e., 2015/16 income year)**

#### **2.1 Tax cuts for small business – 1.5% tax cut for small companies**

From the 2015/16 income year, the government will deliver a tax cut to all small businesses: Reduction in company tax rate – The company tax rate will be reduced to 28.5% (i.e., a reduction of 1.5%) for companies with aggregated annual turnover of less than \$2 million. Companies with an aggregated annual turnover of \$2 million or above will continue to be subject to the current 30% rate on all their taxable income.

#### **2.2 Immediate deduction for professional expenses on commencing a new business**

Currently, some professional costs associated with commencing a new business (i.e., black hole expenditure) are deducted over a five-year period under S.40-880 of the ITAA 1997. From 1 July 2015, the government will allow businesses to claim an immediate write-off for a range of professional expenses associated with starting a new business, such as professional, legal and accounting advice.

### **3. FBT announcements**

#### **3.1 Relaxing the FBT exemption for work-related electronic devices**

From 1 April 2016, the government will allow an FBT exemption for small businesses (with an aggregated annual turnover of less than \$2 million) that provide employees with more than one qualifying work-related portable electronic device, even where the items have substantially similar functions.

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