

Dates and Eligibility

	Small Business		General Business	
Turnover	< \$2M		> \$2M	
Expenditure	\$1,000 or more		\$10,000 or more	
Acquire or start to hold	13 December 2008 and 30 June 2009	1 July 2009 and 31 December 2009	13 December 2008 and 30 June 2009	1 July 2009 and 31 December 2009
Installed and ready for use:	30 June 2010	31 December 2010	30 June 2010	31 December 2010
Deduction Benefit	30% *	10% *	30% *	10% *
Conditions for above	The asset must be an “eligible asset”		The asset must be an “eligible asset”	

*This amount is in addition the businesses standard allowable depreciation.

Eligible Assets

An asset will be an “eligible asset” if it is a tangible asset used to carry on a business for which a depreciation deduction is available under Division 40. In other words, the asset must be a depreciable asset.

It does not include intangibles (such as software) or rights, nor does it include land or trading stock (which are not depreciating assets for tax purposes).

In order to be able to claim a deduction for a depreciating asset under Division 40, an entity must be the “holder” of the asset. In some cases the legal owner of the asset will not be the holder.

Key Concepts

Cost of depreciating asset (excl GST)	\$100
Amount of tax depreciation	\$100
Investment allowance tax deduction at 30%	\$30
Company tax rate	30%
Value of investment allowance	\$9

(permanent difference below operating profit before tax)

	Result
Cost of equipment	\$100
Investment allowance benefit	\$9
Net cost of equipment	\$91