



Australian Government

Senator Nick Sherry's media releases

SMALL BUSINESS TO GET CASH FLOW BENEFIT

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Joint media release with Assistant Treasurer, the Hon Bill Shorten MP

Australia's 2.7 million small businesses will benefit from a package of tax law amendments that will improve cash flow and reduce compliance costs by simplifying the small business depreciation rules.

The Assistant Treasurer, Bill Shorten, and Minister for Small Business, Senator Nick Sherry, today released for public consultation exposure draft legislation and explanatory materials for the amendments.



From the 2012-13 income year this package will allow small businesses to:

- Immediately write-off assets valued at under \$6,500 (up from \$1,000 presently), such as photocopiers, laptops, fridges and desks
- Immediately write-off up to \$5,000 for motor vehicles acquired from the 2012-13 income year, with the remainder to be written-off at a rate of 15 per cent in the first year and 30 per cent in following years
- Write-off of other assets in a single depreciation pool at a rate of 30 per cent (15 per cent in the first year).

The increase to the instant asset write-off threshold from \$1,000 to \$6,500 will allow small businesses to claim an immediate deduction for assets costing less than \$6,500, rather than having to depreciate them over time.

The simplified depreciation pooling arrangements will also allow small businesses to depreciate some assets more quickly (at a rate of 30 per cent instead of 5 per cent), and will help to reduce compliance costs.

Assistant Treasurer, Bill Shorten said "These measures will have a significant impact on improving cash flow for Australia's 2.7 million small businesses. The total assistance to small business from this package in 2013-14 will be over \$1 billion."

Consistent with recommendation 6 of the *Australia's Future Tax System Review*, the package also includes legislation to abolish the entrepreneurs' tax offset in order to deliver more effective assistance to Australian small businesses.

"This package builds on the Government's already strong commitment to small businesses and is in addition to our planned cut in the company tax rate from 30 to 29 per cent from the 2012-13 income year," Senator Sherry said.

"Lowering the company tax rate will go some way to helping Australia's 720,000 incorporated small businesses explore opportunities to expand and grow."

The Government has already provided cash flow assistance to small business and other eligible taxpayers through reduced Pay As You Go income tax instalments for the 2011-12 income year.

The exposure draft legislation and explanatory memorandum is available on the [Treasury website](#). Consultation closes Wednesday 28 September 2011.

A printable version of the  [media release](#) [PDF 144KB] is available.