

Economic stimulus measures



Australian Government
Australian Taxation Office

Interaction of tax depreciation incentives

In 2020 the government introduced measures to help businesses recover from the impacts of the coronavirus pandemic (COVID-19). Eligible business entities may want to know which tax depreciation incentive is right for them. This information explains the depreciation incentives that are available and when businesses could consider using them.

| Temporary Full Expensing* | Instant Asset Write-Off – to 11 March 2020 | Instant Asset Write-Off – from 12 March 2020 | Backing Business Investment |
|---|--|---|---|
| <ul style="list-style-type: none"> Allows full write-off for eligible assets first held at or after Budget Time 6 October 2020 'Temporary' means it does not apply to assets first used or installed for taxable purposes after 30 June 2022 For asset eligibility and exclusion rules, see temporary full expensing <p>*As part of the Budget 2021–22, temporary full expensing is to be extended for another year. The measures announced as part of the Budget are not yet law. We will update this content once the extension is law.</p> | <ul style="list-style-type: none"> Allows full write-off for eligible assets costing less than \$30,000 if first acquired at or after Budget Time 2 April 2019* Assets must have been first used or installed for a taxable purpose between 2 April 2019 and 11 March 2020 For asset eligibility and exclusion rules, see instant asset write off <p>*Budget Time 12 May 2015 for small business entities using simplified depreciation</p> | <ul style="list-style-type: none"> Allows full write-off for eligible assets costing less than \$150,000 if first acquired at or after Budget Time 2 April 2019* and on or before 31 December 2020 Assets must have been first used or installed for a taxable purpose between 12 March 2020 and 30 June 2021 For asset eligibility and exclusion rules, see instant asset write off <p>*Budget Time 12 May 2015 for small business entities using simplified depreciation</p> | <ul style="list-style-type: none"> Allows for an accelerated depreciation of eligible assets first held and first used or installed for a taxable purpose between 12 March 2020 and 30 June 2021 For asset eligibility and exclusion rules, see backing business investment |

Applying depreciation incentives

The general steps to apply depreciation incentives are:

- Identify if you are an eligible business by calculating your [aggregated turnover](#)
- Determine which incentive to apply. Only one incentive can apply for an asset. If more than one incentive could apply, the order of application is (subject to opt out choices)
 - [temporary full expensing](#)
 - [instant asset write-off](#)
 - [backing business investment](#)
 - [general depreciation rules](#)
- Take note of whether you can choose to **opt out** of an incentive.
- Determine when you first held and first used or installed each asset for a taxable purpose.
- Consider if any exclusions or specific limits may apply (such as the [car limit](#)), even if incentives are uncapped.

Full write-off:

- means deducting the taxable use proportion of the cost of an asset.
- may also be available for improvement costs for eligible assets. Refer to our more detailed guidance on [temporary full expensing](#) for information on when these costs can be claimed.

Interaction of tax depreciation incentives

| Am I an eligible business? | | Can I claim? | | | |
|--|---|---|---|--|---|
| Type | Aggregated Turnover | Temporary full expensing Asset first held FROM 6 October 2020 | Instant asset write-off Asset first used in business TO 11 March 2020 | Instant asset write-off Asset first used in business FROM 12 March 2020 | Backing business investment Asset first used in business FROM 12 March 2020 |
| SMALL BUSINESS using simplified depreciation | Less than \$10m | YES <ul style="list-style-type: none"> Full write-off (including the balance of a small business pool) No cost restriction Cannot opt out | YES <ul style="list-style-type: none"> Full write-off Asset cost < \$30,000 Cannot opt out | YES <ul style="list-style-type: none"> Full write-off Asset cost < \$150,000 Cannot opt out | YES <ul style="list-style-type: none"> Accelerated Depreciation No cost restriction Cannot opt out Second-hand assets excluded |
| SMALL BUSINESS not using simplified depreciation | Less than \$10m | YES <ul style="list-style-type: none"> Full write-off No cost restriction Can opt out (except for assets previously allocated to a small business pool) | NO <ul style="list-style-type: none"> only eligible if using simplified depreciation | NO <ul style="list-style-type: none"> only eligible if using simplified depreciation | YES <ul style="list-style-type: none"> Accelerated depreciation No cost restriction Can opt out Second-hand assets excluded |
| MEDIUM BUSINESS | \$10m to less than \$50m | YES <ul style="list-style-type: none"> Full write-off No cost restriction Can opt out | YES <ul style="list-style-type: none"> Full write-off Asset cost < \$30,000 Cannot opt out | YES <ul style="list-style-type: none"> Full write-off Asset cost < \$150,000 Cannot opt out | YES <ul style="list-style-type: none"> Accelerated depreciation No cost restriction Can opt out Second-hand assets excluded |
| MEDIUM-LARGE BUSINESS | \$50m to less than \$500m | YES <ul style="list-style-type: none"> Full write-off No cost restriction Can opt out Second-hand assets excluded | NO | YES <ul style="list-style-type: none"> Full write-off Asset cost < \$150,000 Cannot opt out | YES <ul style="list-style-type: none"> Accelerated depreciation No cost restriction Can opt out Second-hand assets excluded |
| LARGE BUSINESS | \$500m to less than \$5bn OR satisfies the Alternative Income Test | YES <ul style="list-style-type: none"> Full write-off No cost restriction Can opt out Second-hand assets excluded Further asset exclusions apply if you qualify under Alternative Income Test | NO | NO | NO |