



# **\$20,000 instant asset write-off**

## **ATO attacking work claims**

**Small businesses with a turnover of less than \$10 million from 1 July 2016 can write-off assets costing less than**

\$20,000 each up until 30 June 2018.

Under the simplified depreciation rules you must immediately write-off most depreciating assets costing less than \$20,000 that were bought and used, or installed ready for use from 7:30pm (AEST) on 12 May 2015 until 30 June 2018.

By pooling most other depreciating assets that cost \$20,000 or more, you can claim a 15 per cent deduction in the year you buy them and a 30 per cent deduction each year after the first year.

Deduct the balance of your small business pool at the end of the income year if the balance

at the time (before applying the depreciation deductions) is less than the instant asset write-off threshold (\$20,000).

Remember, you can only claim a deduction for the portion of the asset used for business or other taxable uses - not the portion for private use.

When using the simplified depreciation rules, be mindful that you must use them to work out deductions for all your depreciating assets except those specifically excluded. Also, you must apply the entire set of rules, not just individual elements (such as the instant asset write-off)..

**The ATO is cracking down on individuals who are over claiming work related expenses.**

The Tax Office is reminding individuals that they can only claim a work-related deduction if

- ◇ they have spent the money themselves and were not reimbursed.
- ◇ it is directly related to earning their income
- ◇ there is a record to prove it.

Expenses that cover both work and private purposes must be apportioned - you can only claim a deduction for the work-related portion.

Common mistakes include claiming ineligible clothing, claiming for something without having spent the money and not being able to explain the basis for how the claim was calculated.

The ATO has clarified it is a myth that you can claim a standard deduction of \$150 without spending money on appropriate clothing or laundry. To claim a deduction for clothing, it needs to be occupation-specific clothing, protective clothing or a uniform that is unique to the organisation you work for.

Before claiming a deduction for any work-related expenses, individuals must consider if their employer would confirm the expenses were required to earn their

income and that they were not reimbursed. Remember, receiving an allowance from an employer does not necessarily entitle you to a deduction.