THE GOVERNMENT'S 'INSTANT ASSET WRITE-OFF' CHANGES EXPLAINED

TOYOTA

In case you're not yet aware, the Australian Government has announced a new Economic Stimulus Package for businesses to assist with the purchase of assets.

WHAT'S IN THE STIMULUS PACKAGE?

① Instant Asset Write-Off

Immediate tax write-off of a new or second-hand asset up to the value of $150,000 (previously $30,000) if the asset is installed and ready for use by 30 June 2020.

② Backing Business Investment

Immediate 50% tax write-off of a new asset of unlimited value, purchased and delivered between 1 July 2020 to 30 June 2021, with existing depreciation rules for the balance of the asset value.

However, current Australian taxation legislation provides that the depreciation limit for a motor vehicle defined as a car* is up to $57,581.

*The depreciation car limit applies to a vehicle classified as a 'car' (a vehicle designed to carry a load of less than 1 tonne and fewer than 9 passengers) in the tax legislation.

For example, this means that cars below $57,581; like Yaris, Corolla, Camry, C-HR & RAV4 may be eligible for a 100% Instant Asset Write-Off if delivered by 1 July 2020. Vehicles above 1 tonne carrying capacity such as our HiLux 4x4 Extra-Cab Cab-Chassis, may be eligible for a 100% write-off up to $150,000.

Please note this example is provided for explanatory purposes only, and should not be relied upon as tax advice

WHAT DOES AN 'INSTANT ASSET WRITE-OFF' ACTUALLY MEAN?

As a business owner, you can potentially take advantage of this scheme to upgrade your business vehicle by immediately writing off depreciable assets that cost less than $150,000. Vehicles are amongst the eligible assets. This circumvents you having to write-off the asset partially every year, in accordance with its variable depreciation rates.

Due to the recent COVID-19 pandemic, the Australian Government decided to increase the eligibility criteria for the scheme:

- **Increasing the purchase threshold to $150,000**
- **Extending to businesses with a turnover of up to $500 million (previously $50 million)**
- **Bringing forward the eligibility timeframe to cover assets that are purchased and ready to use between 12 March and 30 June 2020**

There is an Instant Asset Write-Off available on every vehicle in the Toyota range. Ask your accountant about what benefit your business is eligible for and how it can be applied to your next Toyota purchase.

It is important to note that this communication should not be used as tax advice. You should first speak with your accountant to see how this stimulus package applies to your business.

READ THE FULL AUSTRALIAN GOVERNMENT ANNOUNCEMENT

www.ato.gov.au/General/New-legislation/The-Australian-Government-s-Economic-Response-to-Coronavirus/

OH WHAT A FEELING

The materials we are providing are to be used as a guide only. Guests still need to seek independent advice from their accountants

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