

Federal Budget Fact Sheet

The federal budget handed down on the 12th May contained some exciting measures designed to stimulate small business and primary producer spending.

Key changes that are potentially beneficial to your business:

Accelerated depreciation/Immediate tax deduction

From 12th May 2015 to 30th June 2017, small businesses with an aggregated turnover of less than \$2m can apply for 100% deduction on assets valued at less than \$20,000.

KEY POINTS

Must be purchased and installed/ready to use within the financial year that the application is being made

If the asset costs \$20,001 + the concession is lost. In previous concessions, it was permissible to write off up to \$20,000 of the value of a larger asset and depreciate the rest normally. This is not the case with the current concession.

WHAT THIS MEANS FOR BUSINESS

Many small businesses can claim this concession on products purchased and delivered between now and 30th June 2015. Maybe it's time to upgrade or replace some old equipment! Just remember, it must be installed before 30th June if you are to claim it within this financial year

Reduction in small business corporate tax rate

A reduction has been made in the corporate tax rate from 30% to 28.5% for companies turning over less than \$2m. This rate cut takes effect from 1st July 2015.

WHAT THIS MEANS FOR BUSINESS

Many primary producers and small businesses will experience reduced taxation and therefore improve the ability to upgrade equipment cost at a reduced cost.

Accelerated depreciation for primary producers

Primary producers can depreciate over three years, all capital expenditure on fodder storage assets such as silos. This will bring forward tax deductions for farmers compared with the current effective lives for those assets. (eg. The effective life for fodder storage assets can be up to 50 years). This change does not come into effect until 1 July 2016.

WHAT THIS MEANS FOR BUSINESS

Primary producers are able to renew fencing and fodder storage assets after 1 July 2016

Immediate deduction on fencing/dams/bores/irrigation

An immediate deduction will be allowed on capital expenditure for fencing and water facilities such as dams/bores/irrigation and storage.

This change does not come into effect until 1 July 2016.

To help move your business forward, Rapid Spray have conducted a series of informational releases to our extensive end user database on how they can capitalise on these changes. Call our friendly team on 1800 011 000 to discuss how you can leverage this yourself.

Disclaimer: Rapid Spray are not tax agents. Please see advice from your accountant before acting on information contained within this blog.