

**With a number of changes announced in the Federal Budget on 12<sup>th</sup> May, here are the key items that may affect your business.**

**CHANGES EFFECTIVE 7:30pm 12th MAY 2015 UNTIL 30 JUNE 2017**

**Accelerated depreciation for small business is back.**

Allowing small businesses with aggregate annual turnover of less than \$2 million to immediately claim a tax deduction in the year they start to use or the item is installed ready for use, provided the asset costs less than \$20,000 net of GST (currently, an immediate write-off is generally available for assets costing less than \$1,000). This will apply for assets acquired and installed ready for use between 7.30pm (AEST) 12 May 2015 and 30 June 2017. From 1 July 2017 the limit will revert back to the existing \$1,000 threshold.

**CHANGES EFFECTIVE 1 JULY 2015**

**Tax rate cuts for small business**

If aggregated annual turnover of less than \$2 million the following apply;

- (a) Company tax rate reduced by to 28.5% (currently 30%)
- (b) Non company entities get 5% offset on tax payable up to \$1,000 per individual.

**Claiming car expense stream lined**

Individuals & partnerships can currently claim car expenses by 4 different methods. This is being reduced to 2; log book & cents per kilometre. Furthermore the cents per kilometre method will be changed to one rate of 66cents instead of the old system based on engine size.

**Immediate deduction for professional expenses on commencing a new business**

Currently professional fees such as legal & accounting advice for starting a new business are deducted over a 5 year period. Changes will allow an immediate deduction.

**CHANGES EFFECTIVE 1 JULY 2016**

**Accelerated depreciation for primary producers**

Currently the effective life for fences is up to 30 years, water facilities is three years and fodder storage assets is up to 50 years. Changes will allow all primary producers to:

- (a) immediately deduct capital expenditure on fencing and water facilities such as dams, tanks, bores, irrigation channels, pumps, water towers and windmills; and
- (b) depreciate all capital expenditure on fodder storage assets such as silos and tanks used to store grain and other animal feed over three years.

**WHERE TO FIND US**

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