



## \$20,000 INSTANT ASSET WRITE-OFF | WHERE WE ARE AT FOR FY2025

Irene Lim | Byfields Manager

Since the measure was first reintroduced in the May 2023 Federal Budget, the \$20,000 instant asset write-off has been the subject of ongoing debate, delays, and amendments. After months of uncertainty, the legislation was finally passed in March 2025 — but the rules are once again only temporary, and the future remains unclear.

To recap, the \$20,000 instant asset write-off allows eligible small businesses to immediately deduct the cost of certain depreciating assets, rather than claiming deductions over several years. The asset must cost **less than \$20,000**, and be first used or installed ready for use between 1 July 2024 and 30 June 2025.

### There are important caveats:

- The \$20,000 limit is per asset, so multiple assets can be claimed, provided each is under the threshold.
- For GST-registered businesses, the threshold is exclusive of GST (i.e. the asset's net cost must be under \$20,000).
- For businesses not registered for GST, the threshold is inclusive of GST.

To be eligible, businesses must have an **aggregated turnover under \$10 million**.

### So why the fuss?

The \$20,000 cap was originally due to end on **30 June 2024**, but the government extended it for another 12 months to **30 June 2025**. However, this required legislation — which became caught up in parliamentary delays and wasn't passed until **28 March 2025**, just months before the end of the financial year. This created significant uncertainty for small businesses trying to plan ahead.

Adding to the complexity, unless new legislation is introduced, the threshold is scheduled to revert to just \$1,000 from 1 July 2025.

### What should businesses do now?

Small businesses with upcoming capital expenditure should strongly consider bringing forward purchases before 30 June 2025, where appropriate, to take advantage of the current \$20,000 threshold.

### Keep in mind:

- The threshold is **strictly under \$20,000**, so even \$20,000 exactly will not qualify.
- Ensure assets are **installed and ready for use** before 30 June 2025.
- Assets over the threshold can still be depreciated.

### Need advice?

If you're not sure whether your planned purchases qualify or how to apply the write-off in your tax planning, speak with your accountant or our team. We're here to help you make the most of the opportunities available.