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## December 2020 Tax Update

### *Full Expensing of the Cost of Depreciating Assets*

Small (aggregated turnover of less than \$10m) and medium businesses can deduct the full cost of new and second-hand eligible depreciating assets (excludes assets allocated to a low-value asset pool, horticultural plants, software development pool costs and capital works) that are first held, and first used or installed ready for use for a taxable purpose, between 7:30pm AEDT on 6 October 2020 (the 2020 Budget time) and 30 June 2022.

Businesses can also deduct the full cost of improvements made during this period to depreciating assets, whether those assets were acquired before or after the 2020 Budget.

Small businesses can deduct the balance of their simplified depreciation pool at the end of the income year while full expensing applies. The provisions that prevent small businesses from re-entering the simplified depreciation regime for five years if they opt out of the regime continue to be suspended.



### *Rental Property Interest*

You cannot claim interest:

- for any period you used the property for private purposes;
- on the portion of the loan you use for private purposes when you originally took out or refinanced the loan;
- on a loan you used to buy a new home not used to produce income, even if you use an existing rental property as security for the loan; and
- on the portion of the loan you redraw for private purposes, even if you are ahead in your repayments.

### *Company Loss Carry Back*

On 6 October 2020 eligible companies that previously paid corporate income taxes in a relevant year (18/19, 19/20 & 20/21) and have subsequently made taxable losses year (19/20, 20/21 & 21/22) can claim a refundable tax offset up to the amount of their previous income tax liabilities.

The amount of the tax offset is limited by the corporate entity's income tax liabilities in the relevant gain years and its franking account balance at the end of the year in which the entity files its tax return claiming the loss carry back

tax offset (the 2020–21 or 2021–22 income year).

### *Apprenticeship Subsidies*

Subsidies of 50% of an apprentice's wage (up to \$7,000) are available for new and existing apprentices to keep them employed. The schemes apply to the wages of new apprentices from 05.10.2020 and 30.09.2021, and existing apprentices from 1.01.2020 to 31.03.2021.

Eligibility requirements apply to the business and apprentice.

<https://www.australianapprenticeships.gov.au/sites/default/files/2020-10/AAIP%20summary%20update%2020201020.pdf>

### *JobMaker Hiring Credit*

The JobMaker Hiring Credit is a fixed amount of \$200 per week for an eligible employee aged 16 to 29 years and \$100 per week for an eligible employee aged 30 to 35 years paid by the ATO.

The scheme will operate for the period from 7.10.2020 to 6.10.2022 and the employer must increase their headcount and payroll and must not be on JobKeeper. Businesses with no employees on 30 September, cannot claim JobMaker for their first employee, only their second and any subsequent employees that started on or before 06.10.2021.

To be eligible, as at the date of their employment the employee must have been receiving JobSeeker Payment, Youth Allowance (Other) or Parenting Payment for at least one of the previous three months.

Employees also need to have worked for a minimum of 20 hours per week of paid work to be eligible, averaged over a quarter and can only be eligible with one employer at a time.

### *Additional SA Government Grant – GST-Registered, Non-Employing Small Businesses on JobKeeper 2.0 that operate from a commercial premise*

The Government of South Australia has established a Small Business Grant program (a grant of \$3,000) to support South Australian small businesses operating from a commercial premise that do not employ staff and are a participant in the Commonwealth Government's extended JobKeeper Payment scheme from 28 September 2020.

<https://www.treasury.sa.gov.au/Growing-South-Australia/COVID-19/small-business-grant-covid-19-assistance-guidelines>

*This information is general in nature only and should not be considered accounting/tax advice.*