

Document 1

From:
To:
Cc:
Subject: Small business IAW examples
Date: Tuesday, 27 March 2012 11:09:09 AM
Attachments: [120327 Depreciation changes benefits Tsy version.xls](#)

Attached is a spreadsheet with several incorporated small business instant asset write-off examples.

We compare the situation of a small business company buying an asset in 2011-12 (without the instant asset write off and with a 30% company tax rate), and buying the same asset in 2012-13 (when both the instant asset write-off and the 29% company tax rate applies).

Section 22

Section 22

Small Business and Trusts Unit
Business Tax Division
Ph 6263

Section 22

Asset write-off tax savings examples

The comparison is for the 2012-13 tax year, with and with out the new instant asset write-off provisions.

Business type	Asset	Cost	Current depreciation & 30% tax rate (2011-12)		New depreciation & 29% tax rate (2012-13)		Cash flow benefit in Year 1 as a result of policy changes
			Year 1 Tax deduction without new write-off	Year 1 Cash flow value at 2011-12 tax rate	Year 1 Tax deduction with new write-off	Year 1 Cash flow value at 2012-13 tax rate	
Hairdressing Business Incorporated	Free Standing shampoo unit	\$1,250.00	\$187.50	\$56.25	\$1,250.00	\$362.50	\$306.25
	Computer	\$1,200.00	\$180.00	\$54.00	\$1,200.00	\$348.00	\$294.00
	Chair	\$1,500.00	\$225.00	\$67.50	\$1,500.00	\$435.00	\$367.50
Builder Incorporated	Construction laser level	\$1,200.00	\$180.00	\$54.00	\$1,200.00	\$348.00	\$294.00
	Scissor lift	\$6,400.00	\$960.00	\$288.00	\$6,400.00	\$1,856.00	\$1,568.00
	Ute tray	\$1,500.00	\$225.00	\$67.50	\$1,500.00	\$435.00	\$367.50
Café Incorporated	Lounge	\$2,000.00	\$300.00	\$90.00	\$2,000.00	\$580.00	\$490.00
	Coffee machine	\$4,000.00	\$600.00	\$180.00	\$4,000.00	\$1,160.00	\$980.00
	Display fridge	\$3,000.00	\$450.00	\$135.00	\$3,000.00	\$870.00	\$735.00
Bookshop Incorporated	Lounge	\$2,000.00	\$300.00	\$90.00	\$2,000.00	\$580.00	\$490.00
	computer	\$1,300.00	\$195.00	\$58.50	\$1,300.00	\$377.00	\$318.50
	display cabinet	\$3,000.00	\$450.00	\$135.00	\$3,000.00	\$870.00	\$735.00
Home business sewing and trading Incorporated	second hand van	\$8,000.00	\$1,200.00	\$360.00	\$5,450.00	\$1,580.50	\$1,220.50
	sewing machine	\$1,100.00	\$165.00	\$49.50	\$1,100.00	\$319.00	\$269.50
	computer	\$1,100.00	\$165.00	\$49.50	\$1,100.00	\$319.00	\$269.50
Freelance journalist Incorporated	New Car	\$15,000.00	\$2,250.00	\$675.00	\$6,500.00	\$1,885.00	\$1,210.00
	camera	\$4,000.00	\$600.00	\$180.00	\$4,000.00	\$1,160.00	\$980.00
	computer	\$1,100.00	\$165.00	\$49.50	\$1,100.00	\$319.00	\$269.50
Medical Practice Incorporated	examination table	\$1,500.00	\$225.00	\$67.50	\$1,500.00	\$435.00	\$367.50
	lounges	\$2,200.00	\$330.00	\$99.00	\$2,200.00	\$638.00	\$539.00
	computer	\$2,000.00	\$300.00	\$90.00	\$2,000.00	\$580.00	\$490.00
Landscaping and gardening services Incorporated	second hand ute	\$10,000.00	\$1,500.00	\$450.00	\$5,750.00	\$1,667.50	\$1,217.50
	fitted out trailer	\$2,500.00	\$375.00	\$112.50	\$2,500.00	\$725.00	\$612.50
	ride on lawnmover	\$2,000.00	\$300.00	\$90.00	\$2,000.00	\$580.00	\$490.00