

Misc Amendments

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To: Misc Amendments
Subject: Amendment – low value pool and full expensing

Categories: [SharePoint] This message was saved in 'Law Design > Law Design Measures > 01 Current measures > MISCELLANEOUS AMENDMENTS > 2020 Spring > 12. submissions'

Hi

Currently, low value pool assets are excluded from full expensing, meaning that it seems from 1 Jan 2020, entities with a low value pool must allocate a low-cost assets to the pool. Refer to S.40-430(1).

Under S.40-82, medium-sized businesses can continue to access the instant asset write-off of \$150,000 under S.40-82 until 31 December 2020. It seems S.40-82 overrides the low-value pooling rules – meaning that low-cost assets could be immediately deducted where the low-cost asset:

- Was acquired on or after 7.30 pm on 2 April 2019; and
- But before 31 December 2020, and installed ready for use by 30 June 2021.

However, in relation to full expensing, S.40-150(4) of the IT (TP) Act 1997 provides that assets allocated to a low-value pool cannot be fully expensed. It seems that this essentially means that, for medium-sized businesses:

- Low-cost assets between 2 April 2019 and 31 December 2020 (and installed ready for use by 30 June 2021) can be immediately deducted under S.40-82; but
- Low-cost assets acquired after 31 December 2020 must be allocated to a low-value pool (i.e., because the instant asset write-off in S.40-82 ceases from this time).

If I have understood the law correctly, it seems counter-intuitive to the law that low-cost assets must be pooled instead of being written off under temporary expensing. I recommend that a miscellaneous amendment be effected for this.

If you have any queries, please call or email me.

Regards,

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