

EXPOSURE DRAFT

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Inserts for
**Treasury Laws Amendment (Measures
for consultation) Bill 2022: Technology
investment boost**

Commencement information

| Column 1 | Column 2 | Column 3 |
|-------------------|--|---------------------|
| Provisions | Commencement | Date/Details |
| 1. Schedule 1 | The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent. | |

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Schedule 1—Technology investment boost

Income Tax (Transitional Provisions) Act 1997

1 At the end of Division 328

Add:

328-455 Technology investment boost deduction

Normal or late balancers—deduction for 2022-23 income year

- (1) You can deduct for the 2022-23 income year an amount that is equal to the sum of:
- (a) the lower of \$20,000 and 20% of the total amount (which may be nil) of your expenditure to which subsection 328-460(1) applies; and
 - (b) the lower of \$20,000 and 20% of the total amount (which may be nil) of your expenditure to which subsection 328-460(2) applies.

Early balancers—deduction for 2023-24 income year

- (2) Subsection (1) does not apply if your 2022-23 income year starts before 1 July 2022. Instead, you can deduct for your 2023-24 income year an amount that is equal to the sum of:
- (a) the lower of \$20,000 and 20% of the total amount (which may be nil) of your expenditure to which subsection 328-460(1) applies; and
 - (b) the lower of \$20,000 and 20% of the total amount (which may be nil) of your expenditure to which subsection 328-460(2) applies.

328-460 What expenditure qualifies for the technology investment boost

- (1) This subsection applies to an amount of expenditure if:
- (a) you are a small business entity, or an entity covered by subsection (3), for the income year in which you incur the expenditure; and

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- 1 (b) you incur the expenditure in the period starting at 7.30 pm,
2 by legal time in the Australian Capital Territory, on
3 29 March 2022 and ending at the end of:
- 4 (i) if your 2022-23 income year starts on or after 1 July
5 2022—your 2021-22 income year; or
6 (ii) if your 2022-23 income year starts before 1 July 2022—
7 your 2022-23 income year; and
- 8 (c) you can deduct the amount of the expenditure under a
9 provision of a taxation law (other than section 328-455 of
10 this Act) whether or not in, or wholly in, the income year in
11 which the expenditure was incurred; and
- 12 (d) you incur the expenditure wholly or substantially for the
13 purposes of your digital operations or digitising your
14 operations; and
- 15 (e) the expenditure is not of a kind excluded by subsection (5);
16 and
- 17 (f) if the expenditure is on a depreciating asset—the only
18 balancing adjustment events that occur for the asset at a time
19 during the period referred to in paragraph (b) when you hold
20 the asset occur because you stop holding the asset because of
21 an event or circumstance referred to in subsection 40-365(2)
22 (about involuntary disposals) of the *Income Tax Assessment*
23 *Act 1997*; and
- 24 (g) if:
- 25 (i) the expenditure is on a depreciating asset; and
26 (ii) the asset is not in-house software allocated to a software
27 development pool for the income year in which you
28 incur the expenditure;
- 29 you start to use the asset, or have it installed ready for use for
30 a taxable purpose, before 1 July 2023.
- 31 (2) This subsection applies to an amount of expenditure if:
- 32 (a) you are a small business entity, or an entity covered by
33 subsection (3), for the income year in which you incur the
34 expenditure; and
- 35 (b) you incur the expenditure in the period starting at the start of:
- 36 (i) if your 2022-23 income year starts on or after 1 July
37 2022—your 2022-23 income year; or
38 (ii) if your 2022-23 income year starts before 1 July 2022—
39 your 2023-24 income year; and
40 ending at the end of 30 June 2023; and
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- 1 (c) you can deduct the amount of the expenditure under a
2 provision of a taxation law (other than section 328-455 of
3 this Act) whether or not in, or wholly in, the income year in
4 which the expenditure was incurred; and
- 5 (d) you incur the expenditure wholly or substantially for the
6 purposes of your digital operations or digitising your
7 operations; and
- 8 (e) the expenditure is not of a kind excluded by subsection (5);
9 and
- 10 (f) if the expenditure is on a depreciating asset—the only
11 balancing adjustment events that occur for the asset at a time
12 during the period referred to in paragraph (b) when you hold
13 the asset occur because you stop holding the asset because of
14 an event or circumstance referred to in subsection 40-365(2)
15 (about involuntary disposals) of the *Income Tax Assessment*
16 *Act 1997*; and
- 17 (g) if:
- 18 (i) the expenditure is on a depreciating asset; and
- 19 (ii) the asset is not in-house software allocated to a software
20 development pool for the income year in which you
21 incur the expenditure;
- 22 you start to use the asset, or have it installed ready for use for
23 a taxable purpose, before 1 July 2023.

24 *Businesses with turnover under \$50 million*

- 25 (3) An entity is covered by this subsection for an income year if:
- 26 (a) the entity is not a small business entity for the income year;
27 and
- 28 (b) the entity would be a small business entity for the income
29 year if:
- 30 (i) each reference in Subdivision 328-C of the *Income Tax*
31 *Assessment Act 1997* (about what is a small business
32 entity) to \$10 million were instead a reference to \$50
33 million; and
- 34 (ii) the reference in paragraph 328-110(5)(b) of that Act to a
35 small business entity were instead a reference to an
36 entity covered by this subsection.

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1 *Working out when you can deduct an amount of expenditure on a*
2 *depreciating asset*

- 3 (4) For the purposes of paragraphs (1)(c) and (2)(c), in working out
4 whether you can deduct an amount of expenditure on a
5 depreciating asset, assume that:
- 6 (a) you will continue to hold the asset throughout its effective
7 life; and
 - 8 (b) throughout that effective life, you will use the asset for a
9 taxable purpose to the same extent as you use it, or have it
10 installed ready for use, for a taxable purpose in the income
11 year in which you start to use it, or have it installed ready for
12 use, for a taxable purpose.

13 *Excluded expenditure*

- 14 (5) The following kinds of expenditure are excluded by this
15 subsection:
- 16 (a) salary or wage costs;
 - 17 (b) capital works costs for which you can deduct an amount
18 under Division 43 of the *Income Tax Assessment Act 1997*;
 - 19 (c) financing costs, including interest, payments in the nature of
20 interest and expenses of borrowing;
 - 21 (d) training or education costs;
 - 22 (e) expenditure that you incur that forms part of, or is included
23 in, the cost of your trading stock.

24 Note: For deductions relating to training or education costs, see section
25 328-445.