

Taxation measures - Australian Taxation Office

2020-21 Budget changes - Temporary Full Expensing and the instant asset write off

As part of the 2020-21 Budget, the Government has made changes to the instant asset write off and expanded entitlements to a wider range of businesses through a temporary full expense incentive to support new investment and increase business cash flows. Until 30 June 2022, businesses with a turnover of \$5 billion will be able to deduct the full cost of depreciable assets of any value in the year they are first used or installed ready for use.

The Government has also introduced a loss carry back scheme which will allow businesses with a turnover up to \$5 million to offset losses against previous profits on which tax has been paid, to generate a refund.

For more information of these new measures, please refer to page 20 and 21 of the [2020-21 Budget Paper No.2](#).

More information on the temporary full expensing incentive and changes to the existing instant asset write-off is also available on the [Australian Taxation Office](#) website.

Further information to the new loss carry back scheme is available on the [Australian Taxation Office](#) website.

Immediate deductions for fodder storage assets

Primary producers may be able to immediately deduct (rather than depreciate over three years) the cost of fodder storage assets, such as silos and hay sheds used to store grain and other animal feed, making it easier for them to invest in and stockpile fodder. Primary producers who store fodder for sale may also be entitled to this deduction.

This measure is available for fodder storage assets first used or installed ready for use on or after 19 August 2018.

Income tax averaging

Primary producers can, from 1 July 2017, re-commence income averaging 10 years after opting out. Prior to this amendment, a primary producer who had opted out of income averaging could not return to the arrangement.

Primary producers who opted out of income averaging for the 2006–07, or an earlier financial year, will be opted back in to income averaging for the first financial year after 2016–17 in which their taxable primary production income is greater than that for the previous financial year.

The legislative amendment enacting this change, the *Tax and Superannuation Laws Amendment (2016 Measures No. 2) Act 2017* received Royal Assent on 28 February 2017. More information is available at [Tax averaging for primary producers](#) (Australian Taxation Office website).

Primary producers affected by drought and natural disasters

The Australian Taxation Office can help people affected by drought and other natural disasters with:

- more time to pay
- waiving penalties or interest charged at a time you were affected by drought
- payment plans with interest free periods
- adjusting pay as you go (PAYG) instalments to better suit your circumstances
- tax incentives for primary producers.

More information is available at the Australian Taxation Office website, on:

- [help for drought-affected taxpayers](#)
- [dealing with disasters](#).

In special circumstances, the Commissioner for Taxation may release individuals from payment of income tax, fringe benefits taxes and some other taxes where it is shown that payment would cause serious hardship.

The Tax Office will look at circumstances on a case-by-case basis.

There are a number of taxation measures and concessions available to drought-affected primary producers. These include:

- [profit from the forced disposal or death of livestock](#)
- [proceeds from double wool clips](#)
- [insurance recoveries](#).

Taxation issues

There are also a number of other tax concessions available to primary producers, regardless of their location or if they are in hardship, that can be broadly classified as [tax offsets](#), [tax deductions](#) and [concessional treatments](#).

Tax offsets

Primary producers, given their highly variable income streams and remote location, can use these mechanisms to lessen their tax burden. These include:

- [tax averaging](#)
- [zone tax offsets](#)
- [Research and Development tax incentive](#).

Tax deductions

These relate to expenses that directly facilitate earning income and reduces assessable income. These include:

- [Farm Management Deposits Scheme](#)
- [accelerated depreciation for water and fodder infrastructure and fencing](#)
- [depreciating assets](#)
- [water facilities deductions](#)
- [horticultural plants](#)
- [carbon sink forests](#)
- [electricity connections and telephone lines for small businesses](#)
- [forestry managed investment scheme](#)

Tax concessions

These relate to a variety of assistance measures for individuals such as deferrals of tax liability that can help to reduce an individual's assessable income in the current financial year. These include:

- [fuel tax credits](#)
- [luxury car tax refund](#)
- [reduction in fringe benefits tax](#)
- [small business entity tax concessions](#)

For further information on these measures contact the [Australian Taxation Office](#) on 13 28 66.

More information

- For drought assistance, contact the Australian Taxation Office Drought hotline on 1800 806 218 or visit [Drought help](#) on the Australian Taxation Office website for further information.
- For small business and primary producer assistance, phone the Australian Taxation Office business enquiries line on 13 28 66 or visit [Primary producers](#) on the Australian Taxation Office website.