

## Capital Gains Tax Concessions for Small Business Entities

Small businesses with an annual turnover of less than \$2 million may qualify for a range of tax concessions. If your business is eligible you can choose to use the concessions that suit you. You may have to satisfy additional conditions and will need to check whether you qualify for the concessions each tax year.

*NOTE: Some of these concessions were previously only available to businesses under the simplified tax system. This system no longer operates, however all its concessions remain available to eligible businesses.*

Eligible businesses can choose to use the concessions outlined in the table.

<b>Capital gains tax (CGT) 15-year asset exemption</b>	If you are 55 or older and retiring and your business has owned an asset for at least 15 years you won't pay CGT when you sell the asset.
<b>CGT 50% active asset reduction</b>	If you have owned an asset to conduct your business you will only pay tax on 50% of the capital gain when you sell the asset (on top of any ordinary capital gains tax discounts available).
<b>CGT retirement exemption</b>	There is CGT exemption on the sale of a business asset (up to a lifetime limit of \$500,000). If you are under 55, money from the sale of the asset must be paid into a complying superannuation fund, approved deposit fund, or retirement savings account.
<b>CGT roll-over</b>	If you sell a small business asset and buy a replacement, you can roll over your CGT liability to the value of the replacement asset. This means you won't pay any CGT owing until you sell the replacement asset.
<b>Simpler depreciation rules</b>	You can usually pool your assets to make depreciation calculations easier. You can also claim an immediate deduction for most assets that cost less than \$1,000.
<b>Simpler trading stock rules</b>	If the value of your trading stock has not increased or decreased by more than \$5,000 over the year you can choose whether or not to do an end-of-year stock take.
<b>Immediate deduction for certain prepaid business expenses</b>	You can claim an immediate deduction for prepaid business expenses if the payment covers a period of 12 months or less and ends in the following income year.
<b>Entrepreneur's tax offset (ETO)</b>	If your business has less than \$75,000 turnover, the entrepreneur's tax offset might reduce the tax you owe by up to 25%.
<b>Accounting for GST on a cash basis</b>	You don't need to account for GST on a sale you make until you receive payment for the sale.
<b>Annual apportionment of GST input tax credits</b>	If you purchase items that you use partly for private purposes, you can claim full GST credits for these on your activity statements. You can then make a single adjustment to account for the private use percentage at the end of the year.
<b>Paying GST by instalments</b>	You can pay GST by instalments the ATO calculates for you and can vary this amount each quarter if required.
<b>FBT car parking exemption</b>	In some cases you may be exempt from FBT for employee car parking.
<b>PAYG instalments based on gross domestic product (GDP) amount</b>	Some companies and superannuation funds are entitled to more options for reporting and paying their PAYG instalments. The ATO will let you know if this applies to your company or superannuation fund.