

Capital Gains Tax Concessions for Small Business Entities

Small businesses with an annual turnover of less than \$10 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.

Capital gains tax (CGT) 15-year asset exemption	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.
CGT 50% active asset reduction	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).
CGT retirement exemption	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.
CGT roll-over	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.
Simpler depreciation rules	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 \$20,000 acquired before 29/01/19, \$25,000 29/01/2019 – 2/4/2019 and \$30,000 2/4/2019 - 30/6/2020.
Simpler trading stock rules	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.
Immediate deduction for certain prepaid business expenses	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.
Accounting for GST on a cash basis	You don't need to account for GST on a sale you make until you receive payment for the sale.
Annual apportionment of GST input tax credits	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.
Paying GST by instalments	You can pay GST by instalments the ATO calculates for you and can vary this amount each quarter if required.
FBT car parking exemption	In some cases you may be exempt from FBT for employee car parking.
PAYG instalments based on gross domestic product (GDP) amount	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.

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

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