

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2014 - 2015

Department/Agency: Treasury

Question: BET 3

Topic: Instant Asset Write-off Small Business

Reference: Hansard page no. 28 - 01 June 2015

Senator: Whish-Wilson, Peter

Question:

3. Senator WHISH-WILSON: On that last point, Senator Cormann, if you are giving small businesses a window of one to two tax years to make that capital investment, how does that help them with long-term planning if they only get the instant asset write-off in that first one or two years?

Senator Cormann: Obviously, you want to, with any new measure like this, see how it works before you make a judgement over the medium to long term.

Senator WHISH-WILSON: So you may extend it?

Senator Cormann: Let's cross that bridge when we come to it. The key here was that, in the context of the budget, what we have judged to be affordable was to propose a measure as it is reflected in the budget papers—that is, for businesses with a turnover of up to \$2 million, up to \$20,000 in instant asset write-offs from budget night and then into the next two financial years.

Senator WHISH-WILSON: In relation to you judging what was affordable—could you take it on notice as to what the forecast was and what this would cost.

CHAIR: This is the your third and last question.

Senator Cormann: We will take it on notice.

Answer:

3. The *2015-16 Budget* measure *Growing Jobs and Small Business* — *expanding accelerated depreciation for small businesses* reported that the cost of expanding the accelerated depreciation for small business to immediately deduct assets that cost less than \$20,000 was estimated to be \$1.75 billion over the period 2014-15 to 2018-19.