Budget Measures 2020-21 — Part 1: Receipt Measures

The Government will defer the start date so that all changes to the program apply to income years starting on or after 1 July 2021, to provide businesses with greater certainty as they navigate the economic impacts of the COVID-19 pandemic.

All other aspects of the 2019-20 MYEFO measure will remain unchanged, including the increase to the R&D expenditure threshold from $100 million to $150 million per annum.

This measure is estimated to decrease the underlying cash balance by $2.0 billion over the forward estimates period.

JobMaker Plan — temporary full expensing to support investment and jobs

<table>
<thead>
<tr>
<th>Receipts ($m)</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
<th>2023-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Taxation Office</td>
<td>-1,500.0</td>
<td>-11,400.0</td>
<td>-18,100.0</td>
<td>4,300.0</td>
</tr>
</tbody>
</table>

The Government will support businesses with aggregated annual turnover of less than $5 billion by enabling them to deduct the full cost of eligible capital assets acquired from 7:30pm AEDT on 6 October 2020 (Budget night) and first used or installed by 30 June 2022. It will improve cash flow for qualifying businesses that purchase eligible assets and bring forward new investment to support the economic recovery.

Full expensing in the year of first use will apply to new depreciable assets and the cost of improvements to existing eligible assets. For small and medium sized businesses (with aggregated annual turnover of less than $50 million), full expensing also applies to second-hand assets.

Businesses with aggregated annual turnover between $50 million and $500 million can still deduct the full cost of eligible second-hand assets costing less than $150,000 that are purchased by 31 December 2020 under the enhanced instant asset write-off. Businesses that hold assets eligible for the enhanced $150,000 instant asset write-off will have an extra six months, until 30 June 2021, to first use or install those assets.

Small businesses (with aggregated annual turnover of less than $10 million) can deduct the balance of their simplified depreciation pool at the end of the income year while full expensing applies. The provisions which prevent small businesses from re-entering the simplified depreciation regime for five years if they opt-out will continue to be suspended.

This measure is estimated to decrease receipts by $26.7 billion over the forward estimates period and $3.2 billion over the medium-term. The receipts impact is reduced over the medium-term as this measure brings forward deductions that would have been made in future years.