# ausTALK

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TAX NEWS, VIEWS & CLUES FROM AUSWILD & CO


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## Instant asset write-off extended to 30 June 2025

Announced as part of the 2024–2025 Budget, and now legislated, the $20,000 instant asset write-off limit has been extended for a further 12 months until 30 June 2025 to continue to provide support for small businesses.

The instant asset write-off enables eligible businesses to claim an immediate deduction for the business portion of the cost of an asset in the year it is first used or installed ready for use. The write-off can be used for new and second-hand assets, and for multiple assets if the cost of each individual asset is less than the relevant limit.

To claim the instant asset write-off, a small business must use the simplified depreciation rules, and the write-off cannot be used for assets excluded from those rules. Eligibility criteria, the year in which you may use the instant asset write-off to claim an immediate deduction for an asset, and the threshold limits, have changed over time, and depend on:

- your aggregated turnover (the annual turnover of your business and that of any business entities that are your affiliates or connected with you);
- the date you purchased the asset;
- when it was first used or installed ready for use; and
- the cost of the asset being less than the limit.

To be able to take advantage of the $20,000 threshold for the 2024–2025 income year as a small business you will need to: have an aggregated turnover of less than $10 million; apply the simplified depreciation rules; and acquire the asset and first use it, or install it ready for use, between 1 July 2024 and 30 June 2025. The $20,000 limit applies on a per asset basis, so you can instantly write off multiple assets.

Assets valued at over $20,000 can continue to be placed into the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each year after that. Additionally, pool balances under $20,000 at the end of the 2024–2025 income year can be written off.

The simplified depreciation rules apply to most depreciating assets, including items like office furniture or equipment; computers; tractors or tools. However, the instant asset write-off doesn't apply to certain depreciating assets, including assets leased out for more than 50% of the time on a depreciating asset lease; horticultural plants, including grapevines; software allocated to a software development pool; assets used in your research and development (R&D) activities; and capital works, including buildings and structural improvements.

## Playing music in your business? Get your licensing sorted

Music can be a powerful tool in creating the right atmosphere for your business. However, it's important to understand that most music is legally protected by copyright, meaning businesses need permission or a licence to play it in public settings.

When music is played in public spaces like businesses, it's considered a public performance, which requires permission from the copyright owners. This is different from playing music at home, where no licence is needed. Failing to comply with this requirement can lead to legal action and potentially hefty fines. In fact, in 2018, a Melbourne bar owner was ordered to pay nearly $200,000 in damages for playing music without the proper licence.

Getting a music licence can be straightforward. The most efficient option is to obtain a licence through a music rights organisation such as OneMusic, which is a joint initiative of APRA AMCOS (the Australian Performing Rights Association and Australasian Mechanical Copyright Society) and PPCA (the Phonographic Performance Company of Australia).

OneMusic can provide a single licence covering the majority of commercially available music. A public performance music licence is the most common when playing music for customers or staff in businesses like shops, bars, cafes, gyms and salons.

The cost of a music licence varies based on your business type, size and how you use the music. Licences can start as low as $100 per year for small businesses, like a retail store under 50 square metres playing radio or TV. Larger businesses or those using streaming services may pay more.

Some small businesses may qualify for a complimentary licence as long as they employ fewer than 20 people; play music only through one radio or TV device, or via employee headphones; and, importantly, don't play music for customers or the general public.

Music licence fees, like other business expenses, can generally be claimed as a tax deduction as long they are directly related to earning your assessable income.

By obtaining a licence, you ensure that music creators are compensated for their work. Licence fees collected by OneMusic are distributed to the rights holders, supporting songwriters, composers, and performers.

To ensure compliance, review the type of music you play and the source. If you use music from a background music supplier, check if they cover your OneMusic licence fees. If not, or if you use music from other sources, you'll need to obtain a licence directly. Also, if your business has multiple locations, each one must be licensed.

## ATO warns about misinformation on super changes circulating online

The ATO has recently issued a warning about misleading information regarding supposed changes to superannuation preservation and withdrawal rules. Some of the misleading claims currently spreading online include:

- that the preservation age will increase from 60 years to 70 years by 2030;
- that lump-sum withdrawals will be capped at 50% of a person's balance;
- that there will be new "phased withdrawal limits" for people in pension phase;
- that a "deferred access bonus" of 3% per year up to age 75 will be introduced; and
- that early access to super will face tighter eligibility criteria and capped withdrawals.

None of these claims are true. No such changes have been proposed by the Australian Government or Treasury, and none are in legislation.

## Your super access rights

It's important to understand when you can legally access your super, which is:

- when you reach preservation age and retire;
- when you turn 65, regardless of whether you're still working; and
- if you're between 60 and 65 and haven't retired, you can start a transition to retirement income stream (TRIS), which allows you to receive a regular income from your superannuation.

For anyone born on or after 1 July 1964 their preservation age is 60. People born before this date will have a lower preservation age.

To satisfy the "retired" condition, you must have reached preservation age and ended a position of gainful employment. If your employment ended after you reached your preservation age, there are no further requirements. However, if your employment ended before reaching your preservation age, the trustee of your fund must be reasonably satisfied that you don't intend to work for 10 or more hours each week.

## Protecting yourself from misinformation

The ATO has observed websites attempting to harvest personal information such as Tax File Numbers, identity details and myGov login credentials under the guise of providing "super advice".

To protect yourself:

- Always verify information through trusted sources like the ATO, ASIC's MoneySmart or your super fund.
- Consult a registered tax professional or licensed financial adviser for personalised guidance.
- Be wary of "free expert" tax advice from unverified sources.
- Think twice before acting on information from social media or non-official websites.
- Check if tax professionals are registered with the Tax Practitioners Board before engaging their services.

## What this means for your retirement planning

If you're approaching retirement, know that the established rules for accessing your super remain unchanged. You still have options for how to receive your benefits, including:

- taking a super lump sum;
- starting a super income stream; or
- using a combination of both approaches.

Remember that the tax implications of withdrawing your super depend on factors including your age, the amount withdrawn, and whether you receive benefits as an income stream or lump sum.

While it's important to stay informed about genuine superannuation developments, be vigilant about the sources you trust. This misinformation often appears legitimate and targets people at a vulnerable time when they're making major financial decisions. Articles and emails may look professional and authoritative, but they're designed to spread fear and confusion.