

Tax Facts - Small Business Entity Concessions

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 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.

Eligible businesses can use the concessions outlined in the table.

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 capital gains tax when you sell the asset.
CGT 50% active asset reduction	<p>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. For individuals (including partners in partnerships and beneficiaries of trusts), this reduction applies in addition to the standard* 50% CGT discount, thereby reducing the taxable amount to 25% of the capital gain.</p> <p>* For foreign or temporary residents, a reduced CGT discount between 0-50% applies depending on individual circumstances.</p>
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, or retirement savings account.
CGT rollover	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	<p>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*.</p> <p>* For assets acquired between 1 July 2012 and 31 December 2013, the immediate deduction was available for assets that cost less than \$6,500, and a special accelerated deduction of \$5,000 was available for motor vehicles.</p>

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.
Two-year amendment period	The time limit for the Commissioner or the taxpayer to amend an income tax assessment of an individual or small business is two years, instead of the standard four years.
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. Equally, input tax credits for purchases can only be claimed when you have paid for the purchase.
Annual apportionment of GST input tax credits	If you purchase items 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 GDP amount	To save you working out your instalments based on actual income each quarter, all individuals and small business entities can pay fixed quarterly instalment amounts as calculated by the ATO based on their business and investment income in their most recently assessed tax return.

MORE: For more information, see the [Small business entity concessions essentials](#) section of the ATO web site.