

## June Bulletin 2021

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### EDITORIAL

Welcome to another edition of our bulletin.

It seems the world has survived COVID-19, but what has been the economic effect of shutdowns and reduced travel.

Through our business connections in Melbourne the shutdowns have significantly affected business and the flow on affect 'mums and dads' paying their everyday bills.

Short shutdowns, like Melbourne has experienced, means small businesses had to throw away stock or unable to pay rent for the month.

Both state and federal governments have tried to assist with short term injections of cash but it is not really enough.

In South Australia we have been somewhat blessed with small businesses getting back on their feet and capacity restrictions for businesses easing.

People are back out dining and taking short trips around South Australian. Excellent for the economy.

One would imagine as more of us have the COVID 'JAB' we will develop immunity, which fosters getting back to normal life.

### LET'S TALK BUSINESS

By now most businesses should have been approached by their business Accountant for tax planning.

Estimation of likely 30 June 2021 profit and trading performance should be calculated with likely tax positions forecasted.





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# MCP Accounting Pty Ltd

Chartered Accountants & Business

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Our office has already approached our clients and provided 2020/2021 business performance forecasts and provided tax planning strategies.

Understanding and being made aware of likely tax position is such a powerful way to plan for expansion and future growth, and allows for cashflow predictability.

### LET'S TALK TAX

#### Instant asset write off for eligible businesses.

Eligible businesses can claim an immediate deduction for the business portion of the cost of an asset in the year the asset is first used or installed ready for use.

Instant asset write-off can be used for:

- Multiple assets, if the cost of each individual asset is less than the relevant threshold
- New and second-hand assets

#### Recent Changes.

For assets first used or installed ready for use between 12 March 2020 until 30 June 2021, and purchased by 31 December 2020, the instant asset write-off:

- Threshold amount for each asset is \$150,000 (up from \$30,000)
- Eligibility extends to businesses with an aggregated turnover of less than \$500 million (up from \$50 million)

From 7.30pm AEDT on 6 October 2020 until 30 June 2022, temporary full expensing allows a deduction for:

- The business portion of the cost of new eligible depreciating assets for businesses with an aggregated turnover under \$5 billion or for corporate tax entities that satisfy the alternative test
- The business portion of the cost of eligible second-hand assets for businesses with an aggregated turnover under \$50 million
- The balance of a small business pool at the end of each income year in this period for businesses with an aggregated turnover under \$10 million

#### Car Limit.

A car limit applies to the cost of passenger vehicles (except a motorcycle or similar vehicle) designed to carry a load less than one tonne and fewer than 9 passengers.

The car limit is:

- \$59,136 for the 2020-21 income year
- \$60,733 for the 2021-22 income year

The one tonne capacity is the maximum load your vehicle can carry, also known as the payload capacity.