

6 November 2025

Committee Secretariat
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

By email: economics.sen@aph.gov.au

Dear Committee Secretariat,

**Treasury Laws Amendment (Strengthening Financial Systems and Other Measures)
Bill 2025**

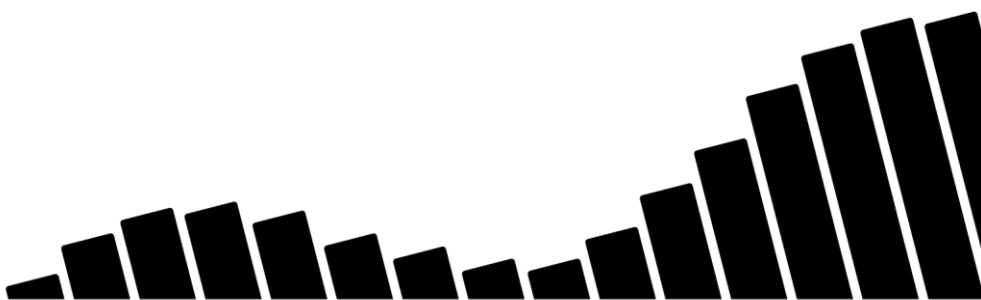
The Tax Institute welcomes the opportunity to make a submission to the Senate Economics Legislation Committee (**Committee**) in respect of its inquiry and report on the Treasury Laws Amendment (Strengthening Financial Systems and Other Measures) Bill 2025 (**Bill**) and accompanying explanatory memorandum (**EM**).

Schedule 7 to the Bill proposes to amend the *Income Tax (Transitional Provisions) Act 1997* (Cth) to extend the \$20,000 instant asset write-off by 12 months until 30 June 2026. This will allow small businesses (with an aggregated annual turnover of less than \$10 million) to immediately deduct the full cost of eligible depreciating assets costing less than \$20,000 that are first used or installed ready for use for a taxable purpose on or before 30 June 2026.

Our comments in this submission are limited to Schedule 7 to the Bill.

The Tax Institute welcomes the extension of the instant asset write-off (**IAWO**) measure for another 12 months. However, the proposed temporary increase in the IAWO threshold for small business entities is an ongoing issue in our tax system that creates uncertainty for taxpayers, their advisers and indeed, the administrator. We consider that this measure should be a permanent feature of Australia's tax system. We also recommend permanently increasing the IAWO threshold to \$30,000, and expanding business eligibility to include businesses with an aggregated turnover of less than \$50 million.

Since 2015, the standard IAWO threshold of \$1,000 in [section 328-180](#) of the *Income Tax Assessment Act 1997* (Cth) has remained in operation, as modified by [subsection 328-180\(4\)](#) of the *Income Tax (Transitional Provisions) Act 1997* (Cth). Regular amendments to extend the measure on a temporary basis have created ongoing uncertainty for businesses, and often occur late in the financial year to which the IAWO extension relates. We consider that it is counterproductive to the policy of encouraging investment and productivity,



particularly where the extension is given effect late in the year and only serves to confirm the tax treatment of earlier dealings.

We outline below a summary of amendments to the IAWO:

- the [Tax Laws Amendment \(Small Business Measures No. 2\) Act 2015](#) amended the IAWO to temporarily allow small business entities (having an aggregated turnover of less than \$10 million) to immediately deduct certain depreciating assets and general small business pools valued at less than \$20,000 where they were first acquired between 12 May 2015 and 30 June 2017;
- the [Treasury Laws Amendment \(Accelerated Depreciation For Small Business Entities\) Act 2017](#) extended the \$20,000 IAWO measure by 12 months to 30 June 2018;
- the [Treasury Laws Amendment \(Accelerated Depreciation For Small Business Entities\) Act 2018](#) extended the \$20,000 IAWO measure by a further 12 months to 30 June 2019;
- in 2019, the [Treasury Laws Amendment \(Increasing and Extending the Instant Asset Write-Off\) Act 2019](#) increased the threshold from \$20,000 to \$25,000, and extended the measure to 30 June 2020;
- on 2 April 2019, just weeks after the Government had announced the increase in the IAWO threshold from \$20,000 to \$25,000, the government announced in the [Federal Budget 2019–20](#) that it would further increase the threshold temporarily to \$30,000, and also increase the aggregated annual turnover threshold for eligible businesses to \$50 million;
- the IAWO threshold further increased to \$150,000, again temporarily, as part of the former government's [Coronavirus Stimulus Package](#), which extended the measure to larger businesses with an aggregated annual turnover of less than \$500 million until 30 June 2021;
- the former government announced it would temporarily remove the IAWO threshold entirely in the Federal Budget 2020–21 measure titled [JobMaker Plan – temporary full expensing to support investment and jobs](#) for 12 months until 30 June 2022. This [temporary full expensing](#) measure broadly allowed an immediate deduction for the cost of new eligible depreciating assets for businesses with an aggregated annual turnover of less than \$5 billion;
- as part of the [Federal Budget 2021–22](#), the former government announced it would extend this measure for a further 12 months until 30 June 2023;
- as part of the [Federal Budget 2023–24](#), the Government announced it would temporarily increase the IAWO threshold to \$20,000 for the 2023–24 income year, applicable to eligible assets first used or installed ready for use between 1 July 2023 and 30 June 2024. This measure was contained in the [Treasury Laws Amendment \(Support for Small Business and Charities and Other Measures\) Act 2023](#), which finally passed both houses on 25 June 2024, just days before the end of the 2023–24 income year following a lengthy legislative process; and

- the IAWO measure for the 2024–25 income year was originally included in Schedule 7 to the [Treasury Laws Amendment \(Responsible Buy Now Pay Later and Other Measures\) Bill 2024](#). However, a last-minute Senate amendment removed this schedule before the bill was enacted on 10 December 2024, leading to further uncertainty regarding the IAWO extension. On 10 February 2025, the Government introduced amendments to reinstate the IAWO measure as Schedule 4 to the [Treasury Laws Amendment \(Tax Incentives and Integrity\) Bill 2024](#), which was enacted on 27 March 2025.

The trend of annually making temporary changes to the rules governing whether a business can immediately deduct the cost of eligible depreciating assets is inefficient, complex, and unnecessary. A once-off amendment to the legislation to make the IAWO a permanent feature would provide greater certainty to taxpayers and their advisers, and allow the Government to focus on other key initiatives. A permanent measure would also be a more effective incentive for small businesses to invest in eligible assets, contributing to the growth of Australia's economy.

The Tax Institute is the leading forum for the tax community in Australia. We are committed to shaping the future of the tax profession and the continuous improvement of the tax system for the benefit of all. In this regard, The Tax Institute seeks to influence tax and revenue policy at the highest level with a view to achieving a better Australian tax system for all.

If you would like to discuss any of the above, please contact The Tax Institute's Tax Counsel, John Storey, on (03) 9603 2003.

Yours faithfully,

Julie Abdalla

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President