



Small Business Technology Investment Boost

Small Business Technology Boost 2023

The Small Business Technology Investment Boost was announced on 29 March 2022 and became law on 23 June 2023.

This initiative allows eligible small businesses to claim a 20% bonus deduction on technology expenditure to help digitise their business.

What do you get?

Additional Tax deductions.

Who is this for?

Small businesses, check the ATO website to check eligibility [2023 Small business technology boost](#).

Overview

Small businesses with an aggregated annual turnover of less than \$50 million will be allowed an additional 20% tax deduction to support their digital operations and digitise their operations.

The boost applies to eligible expenditure incurred between 7:30 pm AEDT on 29 March 2022 and 30 June 2023. The boost is for business expenses and depreciating assets and is capped at \$100,000 of expenditure per income year. You can receive a maximum bonus deduction of \$20,000 per income year.

Eligible expenditure includes, but is not limited to:

- digital enabling items – computer and telecommunications hardware and equipment, software, internet costs, systems and services that form and facilitate the use of computer networks.
- digital media and marketing – audio and visual content that can be created, accessed, stored, or viewed on digital devices, including web page design.
- e-commerce – goods or services supporting digitally ordered or platform-enabled online transactions, portable payment devices, digital inventory management, subscriptions to cloud-based services, and advice on digital operations or digitising operations, such as advice about digital tools to support business continuity and growth.
- cyber security – cyber security systems, backup management and monitoring services.

Certain expenditures such as salary & wages, financing or training costs, and expenses incurred in developing in-house software are not eligible for the bonus deduction.

Under the existing taxation law, small business entities generally deduct a depreciating asset's cost in one income year or over its effective life. The bonus deduction is equal to 20% of the asset's cost regardless of the method of deduction that the entity adopts.

The following Table is a handy summary:

	Technology Investment boost
Legislation	New ss. 328-455 and 328-460 of the <i>ITTPA 1997</i>
Eligible entities	An entity that carries on business with an aggregated annual turnover of less than \$50 million
Bonus deduction	Capped at the lower of: <ul style="list-style-type: none">• 20% of eligible expenditure, or• \$20,000 per year (\$40,000 total)
Expenditure incurred	Between 7.30pm (by legal time in the ACT) on 29 March 2022 and 30 June 2023
Purpose of eligible expenditure	The entity's digital operations or digitising the entity's operations
Timing of boost deduction	2022-23 tax return - for all eligible expenditure incurred (including during 2021-22) (2023-24 tax return for early balancers)

When can the bonus deduction be claimed in the entities tax returns?

There are special rules for the entities to determine when they can claim the bonus deduction in their income tax return. The time when the bonus deduction can be claimed will depend on when the expenditures are incurred and the entities' balancing date.

The expenditure must:

- already be deductible for your business under taxation law.
- be incurred between 7:30 pm AEDT 29 March 2022 and 30 June 2023.

If the expenditure is on a depreciating asset, the asset must be first used or installed ready for use for a taxable purpose by 30 June 2023.

Check if you can apply!

To access the small business technology investment boost, your business needs to be a small business entity. Your aggregated annual turnover must be less than \$50 million for the income year in which you incur the expenditure.

If you would like to discuss eligibility requirements or how to claim the bonus deduction, please get in touch.