



Small Business Skills and Training Boost

Small Business Skills and Training Boost 2023

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

This initiative provides small businesses with a bonus tax deduction to help them train new staff and upskill existing staff.

What do you get?

Additional Tax deductions.

Who is this for?

Small businesses, check if you can claim a 20% bonus deduction on certain eligible training expenditure for your employees [2023 Small business skills and training boost](#).

Overview

Small businesses with an aggregated annual turnover of less than \$50 million will be allowed an additional 20% tax deduction for external training courses delivered to employees by registered training providers.

The boost applies to eligible expenditure incurred from 7:30 pm AEDT on 29 March 2022 until 30 June 2024.

Eligibility

To access the small business skills and training 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.

The expenditure must be:

- for the provision of training to employees of your business, either in-person in Australia, or online
- charged, directly or indirectly, by a registered external training provider that is not you or an associate of yours
- already deductible for your business under taxation law
- incurred within a specified period (between 7:30 pm AEDT or by legal time in the ACT on 29 March 2022 and 30 June 2024).

Where the training is a component of a larger program or course of training, the enrolment or arrangement relating to the relevant expenditure must be made or entered into at or after 7:30 pm (by legal time in the ACT) on 29 March 2022.

The following Table provides a summary:

Skills and training boost	
Legislation	New ss. 328-445 and 328-450 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	20% of eligible expenditure, or
Expenditure incurred	Between 7.30pm (by legal time in the ACT) on 29 March 2022 and 30 June 2024
Purpose of eligible expenditure	Employee training, in-person in Australia or online, by a registered training provider.
Timing of boost deduction	2022-23 tax return - for all eligible expenditure incurred up to the end of 2022-23 (including during 2021-22) (2023-24 tax return for early balancers) 2023-24 tax return - for all eligible expenditure incurred during 2023-24 (2024-25 tax return for early balancers)

What you can claim

The bonus deduction is available for expenditure for the provision of training to one or more employees of your business. The training provider must meet certain registration criteria for the bonus deduction.

Training expenses can include incidental costs related to the provision of training, provided they are charged by the registered training provider, such as the cost of books or equipment needed for the course.

If your business is registered for GST and the training is not GST-free, the bonus deduction is calculated on the GST exclusive amount plus any GST you cannot claim as a GST credit in carrying on your business.

Where deductions are to be claimed over time such as for capital deductions, the bonus deduction is calculated as 20% of the full amount of the eligible expenditure. It can be claimed upfront in the first income year in which the bonus deduction is available.

There may be fringe benefits tax (FBT) consequences associated with the expenditure you incur.

What you can't claim

You can't claim expenditure for:

- training of non-employee business owners such as sole traders, partners in a partnership or independent contractors
- costs added on an invoice by an intermediary on top of the cost of training, such as commissions or fees, as they are not charged directly or indirectly by the registered training provider.

Research and development tax incentive

If your business is entitled to a research and development (R&D) notional deduction under the R&D tax incentive program, you are only entitled to the notional R&D deduction and not a deduction under other taxation law. Your bonus deduction is still claimed based on what that other deduction would have been.

You can claim both the bonus deduction and the R&D notional deduction. The bonus deduction will not affect the amount of the R&D notional deduction. The R&D notional deduction amount is the actual expenditure amount, not the expenditure amount and the bonus deduction amount.

Not-for-profit organisations

A taxable not-for profit organisation can claim the boost in their company tax return if they meet the following requirements:

- eligibility (small business with an aggregated annual turnover of less than \$50 million), and

A taxable not-for-profit is not exempt from income tax. You are required to lodge a tax return each year or notify a return not necessary.

When can you claim?

You generally claim a deduction in the year the expenses are incurred. Under the delayed claim rule, you may have to claim a deduction for the eligible expense in your tax return for the income year in which you incurred it and claim the 20% bonus amount in a later year's tax return. This generally depends on:

- when your income year runs, so whether your business is an early, normal, or late balancer.
- at what time during your income year you incur the expense.

Relevant time periods:

	Initial bonus deduction	Later bonus deduction
Normal balancers	Expenditure incurred from 7.30pm (by legal time in ACT) on 29 March 2022 until the end of the entity's 2022-23 income year	Expenditure incurred in the entity's 2023-24 income year
Late balancers		
Timing of deduction	2022-23 tax return	2023-24 tax return
Early balancers	Expenditure incurred from 7.30pm (by legal time in the ACT) on 29 March 2022 until the end of the entity's 2023-24 income year is claimed in the entity's 2023-24 income year	Expenditure incurred in the entity's 2024-25 income year and before 30 June 2024 is claimed in the entity's 2024-25 income year
Timing of deduction	2022-23 tax return	2023-24 tax return

Check if you can apply!

To access the small business skills and training 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 call us today.