

Technology Investment Boost

Key features & eligibility

Boost period - start date	Expenditure incurred after 29 March 2022
Boost period - end date	30 June 2023
Eligible entities	Small Business Entity that meets Turnover Test
Turnover test	\$50m or less
20% Bonus deduction to be claimed	2023 Tax Return (re FY22 and FY23 expenditure)
Cap	Annual expenditure cap of \$100,000
Maximum bonus deduction	\$20,000 - FY22 and \$20,000 - FY23

Basic conditions

- Expenditure has been incurred **wholly or substantially** for the purpose of an entity's digital operations or to digitise its operations - there must be a direct link to a business's digital operations
- The expenditure must be eligible for a deduction under another provision of the *Income Tax Assessment Acts*
- Private portion of expenditure is not eligible expenditure – e.g. private use of a laptop purchased in May 2023
- Boost is calculated using GST exclusive cost if GST credits can be claimed
- Depreciating assets
 - Boost is not available if a balancing adjustment event occurs during the boost period unless relating to loss, destruction or compulsory acquisition
 - Asset must be first used or installed ready for use for a taxable purpose before 1 July 2023 (N/A to in-house software using software development pool rules)
 - Boost takes into account the full cost of an asset, not just the depreciation amount.
 - Repair and improvement costs for depreciating assets are also eligible



" Small businesses can deduct an additional 20% of the expenditure incurred for the purposes of business digital operations or digitising its operations "

Qualifying expenditure

The explanatory memorandum sets out four categories of qualifying expenditure as shown below. This is not an exhaustive list, but expenditure must be "wholly or substantially" for the purpose of digital operations.

E-commerce

- Goods or services supporting digitally ordered or platform-enabled online transactions
- Portable payment devices
- Digital inventory management
- Subscriptions to cloud-based services
- Advice on digital operations

Digital enabling items

- Computer and telecommunications hardware and equipment, e.g. mobile phones, laptops
- Software
- Internet costs
- Systems and services that form and facilitate 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)

Cyber security

- Cyber security systems
- Backup management
- Monitoring services

Excluded expenditure

- **Salary or wage costs**
- **Capital works costs**
- **Financing costs**
- **Training or education costs (regardless of whether the skills boost applies or not)**
- **Expenditure included in the cost of trading stock**

Examples include

- A business that purchases laptops in July 2022 that are used immediately to allow employees to work at home - bonus deduction = 20% of the cost of the laptops
- Expenditure incurred on software subscription fees during the boost period – including for ongoing subscriptions which commenced before 30 March 2022
- Subscription to cloud service to store client and sales data
- IT services provided by external provider referable to digitising operations – but not salary & wages for IT employees
- Purchase of a smart phone & mobile phone plan costs that bundle voice, text, messaging and internet data services used for digital operations
- Merchant fees for use of portable payment devices

Contact us

Contact your Nexia Edwards Marshall Adviser to discuss this further



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