Concessions

Fast facts

What is a concession?

If you're a small business entity, you can access a range of concessions. The concessions apply to sole traders, partnerships, companies or trusts.

You may be eligible for:

- income tax concessions
- CGT concessions
- other specific concessions.

You must review your eligibility each year to check if you're able, or required, to use a particular concession.

Work out if you're a small business entity

To see if your small business can apply for a concession, you must first work out if you're a small business. There are 3 methods for working out if you're a small business for the current income year:

1. Use your previous year's aggregated turnover.
2. Estimate your current year aggregated turnover.
3. Use your actual current year aggregated turnover.

You may find that using your previous year's aggregated turnover is the easiest.

If you satisfy any of the 3 methods, you're a small business entity and may be eligible to apply the concessions. Each concession has different eligibility requirements.

Small business income tax concessions

You may be eligible for income tax concessions if your aggregated turnover is below the threshold in the relevant income year.

The aggregated turnover threshold is:

- $5 million for the small business income tax offset
- $10 million for all other income tax concessions.

The available income tax concessions include:

- immediate deductions for certain start-up expenses including professional fees and government charges
- simplified trading stock rules
- simplified depreciation rules
- immediate deductions for prepaid expenses
- small business restructure roll-over.

Small business CGT concessions

Small business capital gains tax (CGT) concessions allow you to reduce, disregard or defer some or all of a capital gain made from a CGT event happening to an active asset.

There are basic eligibility conditions common to all the small business CGT concessions.

There are 4 small business CGT concessions:

1. 15-year exemption
2. 50% active asset reduction
3. Small business retirement exemption
4. Small business rollover.

Other small business concessions

Other small business concessions that may be available are:

- contributions to your super fund
- concessional income tax rate for base rate entities
- the small business income tax offset.

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