

# 2021 Federal Budget Summary

## For small and medium business owners

The Federal Budget was announced on 11 May 2021. With a lot of information to digest we thought we would simplify this so that small and medium business owners understand how the budget may impact them.

### Temporary full expensing measures extended until 30 June 2023

Businesses with a turnover up to \$5 billion will be able to deduct the full cost of any eligible asset they purchase for their business in the tax year the asset was purchased. This includes the cost of improvements to existing assets and can be claimed until 30 June 2023 (previously 30 June 2022).

### Temporary loss carry-back rules extended

Loss-carry back rules have also been extended for another 12 months. Meaning businesses can now apply tax losses incurred during the 2019-20, 2020-21, 2021-22 and 2022-23 income years to offset tax paid in 2018-19 or later years.

### Tax cuts

The business tax rates will drop to 25% for businesses with a turnover of less than \$50 million. This cut sees the tax rate decrease from 27.5%. This tax cut is part of the Government's plan to deliver more than \$16 billion in tax cuts to small and medium businesses by 2023-24.

### Ease of pausing debt recovery action while in dispute

To make it simpler, faster and cheaper for small businesses to pause or modify ATO debt recovery actions, the Government is expanding the powers of the Administrative Appeal Tribunal to pause or modify such actions until the underlying dispute is resolved.

### Digital Economy Strategy

The Government announced a \$12.7 million expansion of the Digital Solutions – Australian Small Business Advisory Services to support small businesses to adopt digital technologies. A further \$15.3 million will be used to drive business uptake of e-invoicing, including working with EFTPOS, Visa and Mastercard. There's never been a better time to change systems to adapt to the digital world.

### SME Recovery Scheme Extended

Increased government guarantee of 80 per cent, a higher maximum loan size of \$5 million and maximum loan term of 10 years with interest rates capped at around 7.5%. The Scheme is available to SMEs with a turnover of up to \$250 million that were recipients of the JobKeeper payment between 4 January 2021 and 28 March 2021 or were affected by the floods in eligible Local Government Areas in March 2021.

### Investment in infrastructure

The Government is building on its 10-year infrastructure pipeline by committing an additional \$15.2 billion to infrastructure projects over the next 10 years. These projects will support over 30,000 jobs. This presents opportunities for businesses who engage in infrastructure, so make sure you are on the lookout for new tenders being released for big projects.

### Incentive for businesses to increase employment

- The Apprenticeship Commencement program has been further extended by an extra \$1.5 billion to hire 100,000 apprentices. An apprentice hired until 31 March 2022 will qualify for 50% rebate of wages (for 12 months). Capped at \$7,000 per quarter.
- JobTrainer extended to December 2022. The Government aims to support businesses to upskill employees with digital skills and other necessary skills in the workplace.

Please note: This is only a concise list of how the 2021 federal budget impacts small and medium businesses. The information is general in nature and does not constitute financial, tax or other professional advice. You should consider whether the information is appropriate for your needs and seek professional advice prior to making any decisions.



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