Temporary full expensing

You may be able to claim an immediate deduction for the cost of eligible assets and improvements to existing assets.

About temporary full expensing

A summary of what temporary full expensing is and how it interacts with depreciation incentives and loss carry back.

Eligibility for temporary full expensing

Explains entity eligibility for temporary full expensing and which assets are eligible.

Working out your deduction

How you work out your deduction and when you claim it depend on when you first held and first used your asset.

Alternative income test for temporary full expensing

Can corporate tax entities unable to meet the $5 billion turnover test be eligible for Temporary full expensing?

Opting out of temporary full expensing

Find out if you can opt out of temporary full expensing for an income year on an asset-by-asset basis.

Small business entities using simplified depreciation rules

Find out if your small business can apply temporary full expensing (TFE) if using the simplified depreciation rules.

How to claim temporary full expensing

Work out how to claim deductions under temporary full expensing when you lodge your tax return.

Temporary full expensing tax return label guide

How to complete the labels on your tax return when claiming or opting out of temporary full expensing.

QC 64428

About temporary full expensing

A summary of what temporary full expensing is and how it interacts with depreciation incentives and loss carry back.

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On this page

Loss carry back

What temporary full expensing is

Temporary full expensing supports businesses and encourages investment, as eligible businesses can claim an immediate deduction for the business portion of the cost of an asset in the year it is first used or installed ready for use for a taxable purpose.

Temporary full expensing ended 30 June 2023

Temporary full expensing ended on 30 June 2023. You can't claim deductions under temporary full expensing for assets delivered, installed ready for use or improved after 30 June 2023.

Instead, you will still be able to claim deductions for the business portion of the decline in value of the depreciating asset under:

- general depreciation rules
- simpler depreciation for small business.

Guidance material – LCR 2021/3

We have released Law Companion Ruling LCR 2021/3 *Temporary full expensing*. Topics covered in the Law Companion Ruling include:

- the general operation of the temporary full expensing provisions
- the interaction of temporary full expensing with the existing instant asset write-off and backing business investment rules
- the interaction of temporary full expensing with other areas of income tax law, such as the tax consolidation rules, and
- guidance on how temporary full expensing applies to small businesses.

Overview of eligibility

You may be eligible for temporary full expensing if you are one of the following:

- a business with an aggregated turnover of less than $5 billion

- a corporate tax entity that meets the **alternative income test**.

For the 2020–21,2021–22 and 2022–23 income years, an eligible entity can claim in its tax return a deduction for the business portion of the cost of:

- eligible new assets first held, first used or installed ready for use for a taxable purpose between 7.30 pm AEDT on 6 October 2020 and 30 June 2023
- eligible second-hand assets where both
  - the asset was first held, first used or installed ready for use for a taxable purpose between 7.30 pm AEDT on 6 October 2020 and 30 June 2023
  - the eligible entity's aggregated turnover is less than $50 million
- improvements incurred between 7.30 pm AEDT on 6 October 2020 and 30 June 2023 to
  - eligible assets
  - existing assets that would be eligible assets except that they are held before 7.30 pm AEDT on 6 October 2020
- eligible assets of small business entities using the **simplified depreciation rules** and the balance of their small business pool.

You can make a choice to **opt out of temporary full expensing** for an income year on an asset-by-asset basis if you are not using the simplified depreciation rules.

You must tell us your choice to opt out:

- in your tax return
- by the day you lodge your tax return for the income year to which the choice relates.

For more information, see **Eligibility for temporary full expensing**.

Interaction of tax depreciation incentives

Eligible businesses may want to know which tax depreciation incentive is right for them.

We have prepared a **high-level snapshot of the interaction of tax depreciation incentives** to help you work out how temporary full expensing, instant asset write-off or backing business investment may apply to you.

Loss carry back

You might make a tax loss in an income year as a result of claiming an immediate deduction under temporary full expensing. If you are a corporate tax entity, instead of carrying the tax loss forward and using it to offset your future income, you can consider if you are eligible for a **refundable tax offset under loss carry back**.

QC 72916

Eligibility for temporary full expensing

Explains entity eligibility for temporary full expensing and which assets are eligible.

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On this page

Watch

Media:Exclusions
http://tv.ato.gov.au/ato-tv/media?v=nixx79jdeh81ci

Eligible entities

You may be eligible for temporary full expensing if you are one of the following:

- a business with an aggregated turnover of less than $5 billion
- a corporate tax entity that meets the **alternative income test**.

The rules for calculating **aggregated turnover** are the same as those used for the small business entity concessions. Your aggregated turnover may include the annual turnover of other business entities in addition to your own annual turnover.

You claim your deduction when lodging your 2020–21, 2021–22, 2022–23 tax returns.

Eligible assets

To be eligible for temporary full expensing, the depreciating asset must be:

- new or second-hand (if it is a second-hand asset, your aggregated turnover is below $50 million)
- first held by you at or after 7:30 pm AEDT on 6 October 2020 (see **Who can claim deductions for the decline in value of a depreciating asset?** for what it means to hold an asset)

- first used or installed ready for use by you for a taxable purpose (such as a business purpose) between 7:30 pm AEDT on 6 October 2020 and 30 June 2023. See **Definitions** for the meaning of 'taxable purpose'.

Exclusions

Eligible assets **don't** include:

- assets allocated to a low-value pool or a software development pool
- certain **primary production assets** (water facilities, fencing, horticultural plants or fodder storage assets) that are primary production **depreciating assets**, unless you're a small business entity who chooses to use the simplified depreciation rules for these assets
- buildings and other capital works you can deduct amounts for under Division 43
- assets that either
  - will never be located in Australia
  - won't be used principally in Australia for the principal purpose of carrying on a business.

If your business has an aggregated turnover of $50 million or more, you can't immediately deduct the cost of an eligible asset that is:

- a second-hand asset
- an asset you entered into a commitment to hold, construct or use before 7:30 pm AEDT on 6 October 2020.

If you're applying the **alternative income test**, more exclusions apply.

If your asset is not eligible, or you have chosen not to use temporary full expensing for the asset for a particular income year, you may be able to use other depreciation provisions. See **Instant asset write-off for eligible businesses** and **Backing business investment – accelerated depreciation**.

Improvements

You can also immediately deduct the business portion of the costs of improvements incurred between 7:30 pm AEDT on 6 October 2020 and

30 June 2023 for:

- eligible assets
- existing assets (assets that would be eligible assets except that you held them before 7:30 pm AEDT on 6 October 2020).

However, you can't claim the acquisition cost of existing assets under temporary full expensing.

If your business has an aggregated turnover of $50 million or more, you can immediately deduct the business portion of the cost of improvements to an asset that would otherwise be excluded because it is either:

- a second-hand asset
- an asset you entered into a commitment to hold, construct or use before 7:30 pm AEDT on 6 October 2020.

For more information, see

- Interaction of tax depreciation incentives
- Working out your deduction
- Opting out of temporary full expensing
- How to claim temporary full expensing

QC 66388

Working out your deduction

How you work out your deduction and when you claim it depend on when you first held and first used your asset.

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On this page

Watch

Media:Assets that start to be used for a taxable purpose in the same income year as when you first held the asset
http://tv.ato.gov.au/ato-tv/media?v=nixx79jdeh81qe

How to calculate your deduction

You claim a deduction for the cost of an asset in the income year in which you start to use the asset, or have it installed ready for use for a taxable purpose. For an improvement cost, you claim a deduction in the income year you incurred that cost.

Non-taxable use

You must reduce your deduction by the extent to which the asset is used for a non-taxable purpose (for example, private use).

Limits

There is no general limit on the cost of eligible assets to which you can apply temporary full expensing. However, there may be specific cost limits on certain assets, such as **passenger vehicles** to which the **car limit** may apply.

Balancing adjustment event

If you stop holding or using an asset, a balancing adjustment event may occur. You may find that a **balancing adjustment event** happens to an eligible asset in the same income year as when you first used the asset for a taxable purpose. If so, and you have not chosen to use the simplified depreciation rules, you can't deduct the cost of the asset (including costs of improvements) under temporary full expensing.

You also can't deduct the costs of improvements under temporary full expensing if a balancing adjustment event happens in the income year you incurred those costs.

Example: balancing adjustment event happening in same year as asset first used for a taxable purpose

Julie operates a hairdressing salon as a sole trader. Her business has an aggregated turnover of $380,000 for the 2020–21 income year. Julie does not use the simplified deprecation rules.

On 7 October 2020, Julie purchases a $1,800 shampoo station unit and immediately uses it wholly for business purposes. Three weeks later, she realises that the shampoo station unit is not fit for purpose. On 1 November 2020, Julie sells the shampoo station unit for $1,500. The sale gives rise to a balancing adjustment event in the 2020–21 income year. This is the same income year that the shampoo station unit is first used by Julie. Julie can't deduct the cost of the shampoo station unit in the 2020–21 income year under temporary full expensing.

A balancing adjustment event may occur in a year after you claimed temporary full expensing for an asset, on either the cost of acquisition or improvements. If so, you need to calculate a **balancing adjustment amount** and include it in your tax return.

In a year after you claim, a balancing adjustment event will also occur under temporary full expensing when it becomes **not reasonable** to conclude that the asset will be either:

- used principally in Australia for the principal purpose of carrying on a business
- located in Australia.

Eligible new assets

The amount you deduct for your eligible new asset varies depending on whether you start to use it (or have it installed ready for use) for a taxable purpose in an income year that is:

- the same year as when you started to hold it
- later than the year when you started to hold it.

Assets that start to be used for a taxable purpose in the same income year as when you first held the asset

If you start to hold an eligible asset in an income year and first use the asset, or have it installed ready for use, for a taxable purpose in the same income year, you deduct the business portion of the cost of the asset in that year. The cost of the asset includes costs of any improvements incurred in that year.

Assets that start to be used for a taxable purpose in a later income year to when you first held the asset

If you only start to use the asset, or have it installed ready for use, for a taxable purpose in an income year that is later than the year when you started to hold the asset, you deduct in that later income year the sum of the:

- asset's opening adjustable value for that later income year (if you started to use the asset for a non-taxable purpose in the previous income year, this is the cost remaining after the previous year’s decline in value)
- costs of improvements incurred in that later income year.

You can't deduct an amount included in the asset's cost after 30 June 2023 under temporary full expensing.

Example: costs of acquisition and improvements of a new asset

Healthy Foods Alpha Trust has an aggregated turnover of $570,000 for both 2020–21 and 2021–22 income years. Healthy Foods Alpha Trust does not choose to use the simplified depreciation rules. On 30 May 2021, Healthy Foods Alpha Trust purchases a new commercial food processor for $25,000. It is immediately used wholly for business purposes.

On 28 August 2021, Healthy Foods Alpha Trust incurs costs of $5,000 to modify and improve the capacity of the food processor.

Healthy Foods Alpha Trust has acquired and used the food processor wholly for business purposes after 6 October 2020 and its aggregated turnover is under $5 billion for both income years. So it deducts the:

- full cost of the commercial food processor (that is, $25,000) in its 2020–21 tax return
- cost of improvements (that is, $5,000) in its 2021–22 tax return.

Example: a new asset first used for a taxable purpose in a later income year

Jason operates a business as a sole trader. The business has an aggregated turnover of $300,000 for the 2021–22 income year. Jason has not chosen to use the simplified depreciation rules. Jason purchases a new security system on 30 June 2021 for $8,000 and installs it on his business premises on 1 August 2021. Jason uses the security system wholly for business purposes.

Jason has acquired and installed the security system after 6 October 2020. As the security system is only ready for use after installation on 1 August 2021, Jason deducts the full cost of the security system (that is, $8,000) in his 2021–22 tax return.

Eligible second-hand assets

If your **aggregated turnover** is less than $50 million and you start to hold and use an eligible second-hand asset, you deduct the business portion of the cost of that asset. The cost of the asset includes costs of improvements incurred in the same income year.

Example: business with a turnover of less than $50 million acquires a second-hand asset

S2Go Pty Ltd has an aggregated turnover of $250,000 in the 2020–21 income year and has not chosen to use the simplified depreciation rules. On 5 April 2021, S2Go Pty Ltd acquires a second-hand photocopier for $2,000 and immediately begins using it wholly for business purposes.

For the 2020–21 income year, S2Go Pty Ltd deducts the full cost of the photocopier (that is, $2,000) because:

- its aggregated turnover is less than $50 million
- the second-hand photocopier is acquired after 6 October 2020.

Example: business with a turnover of more than $50 million acquires and improves a second-hand asset

Xtra Duty Pty Ltd has an aggregated turnover of $60 million in the 2019–20 and 2020–21 income years. On 1 January 2021, Xtra Duty Pty Ltd acquires a second-hand excavator for $180,000 and immediately begins using it wholly for business purposes.

On 2 February 2021, Xtra Duty Pty Ltd incurs costs of $9,500 to improve the excavator.

Xtra Duty Pty Ltd can't immediately work out the decline in value on the first element of cost of the excavator ($180,000) under:

- temporary full expensing because of the exclusion of second-hand assets for entities with an aggregated turnover of $50 million or more

- instant asset write-off because the cost exceeds the threshold of $150,000 and it is acquired after 31 December 2020
- backing business investment – accelerated depreciation, which is not available for second-hand assets.

However, Xtra Duty Pty Ltd still works out its depreciation deduction for the 2020–21 income year under the temporary full expensing rules. This is because some part of the asset's cost is eligible for temporary full expensing (the improvement cost of $9,500). The amount of its deduction is the sum of the:

- excavator's decline in value on the first element of cost ($180,000) that would be worked out under the general depreciation rules
- improvement costs of $9,500 incurred after 6 October 2020 (eligible under temporary full expensing).

Existing assets

For existing assets, you can claim an immediate deduction for the business portion of the cost of improvements incurred between 7.30 pm AEDT on 6 October 2020 and 30 June 2023.

If you incur costs of improvements to an existing asset in an income year, you deduct the costs of improvements in that income year if you either:

- start to use the asset or have it installed ready for use for a taxable purpose in that income year
- started to use the asset or had it installed ready for use for a taxable purpose in an earlier income year.

You may have deducted the first element of an asset's cost under the **instant asset write-off** or **backing business investment – accelerated depreciation** in an earlier income year. If so, you can still deduct the improvement costs of that asset in a later year under temporary full expensing.

Example: applying different depreciation rules to acquisition and improvement costs

Mary and Luke operate a car wash business through the Unicorn Trading Trust. It has an aggregated turnover of $16 million in each of the 2020–21 and 2021–22 income years. Unicorn Trading Trust acquires a new water recycling system for $50,000 on 8 September 2020. It immediately begins using it wholly for business purposes. On 16 August 2021, Unicorn Trading Trust incurs costs of $2,500 to improve the water recycling system.

Unicorn Trading Trust first held the water recycling system before 6 October 2020 so it can't deduct the asset’s cost (that is, $50,000) under the temporary full expensing rules. However, it can deduct the $50,000 cost under the instant asset write-off in its 2020–21 tax return. This is because its aggregated turnover is less than $50 million, the asset cost is less than the relevant threshold of $150,000 and the asset is acquired before 31 December 2020.

Unicorn Trading Trust can deduct the costs of the improvements ($2,500) to the water recycling system under temporary full expensing in its 2021–22 tax return.

Example: costs of improvements incurred in a later income year to when the asset is first used

B2 Corporation has an aggregated turnover of $510 million for the 2021–22 income year. B2 Corporation acquires a truck in the 2017–18 income year for $80,000 and immediately uses it wholly for business purposes. On 2 November 2021, B2 Corporations incurs costs of $14,000 to improve the truck.

B2 Corporation started to hold the truck before 6 October 2020 so it can't deduct the truck’s cost (that is, $80,000) under the temporary full expensing rules.

B2 Corporation works out its depreciation deduction for the 2021–22 income year under the temporary full expensing rules. This is because some part of the asset’s cost is eligible for temporary full expensing (the improvement cost of $14,000 was incurred after 6 October 2020).

The depreciation deduction for the 2021–22 income year is the sum of:

- the asset's decline in value (disregarding the cost of improvements) on the costs incurred before 6 October 2020 ($80,000), worked out under the general depreciation rules
- $14,000, being the cost of improvement incurred after 6 October 2020.

QC 66394

Alternative income test for temporary full expensing

Can corporate tax entities unable to meet the $5 billion turnover test be eligible for Temporary full expensing?

Last updated 27 June 2025

On this page

If you're a corporate tax entity and you can't meet the $5 billion turnover test, you may still be eligible for temporary full expensing if you meet the alternative income test.

Who can meet the alternative income test

You meet the alternative income test if **both** of the following apply:

- Your total ordinary income and statutory income (excluding non-assessable non-exempt income) is less than $5 billion for either the

  - 2018–19 income year
  - 2019–20 income year, if that year ends on or before 6 October 2020.
- The total cost of certain depreciating assets held and first used, or first installed ready for use, for a taxable purpose in the 2016–17, 2017–18 and 2018–19 income years (combined) exceeds $100 million, including the cost of
  - improvements in the year a depreciating asset was first used, or first installed ready for use, for a taxable purpose
  - a depreciating asset that is capital works, which is determined under ordinary cost rules for depreciating assets and not reduced by any portion deductible outside those rules.

When working out whether the total cost of depreciating assets exceeds $100 million, you don't take into account assets that are:

- intangible assets
- depreciating assets if it is **not reasonable** to conclude they would be either
  - used principally in Australia for the principal purpose of carrying on a business
  - located in Australia.

Assets excluded if using the alternative income test

You may only be eligible for temporary full expensing under the alternative income test. If so, you can't claim a deduction under temporary full expensing for the usual excluded assets. You also can't claim a deduction under temporary full expensing for:

- intangible assets
- assets previously held by your associates
- assets available for use, at any time in the income year, by your associates or entities that are foreign residents.

If you require further information on temporary full expensing, you can refer to:

- How to claim temporary full expensing
- Opting out of temporary full expensing.

QC 66395

Opting out of temporary full expensing

Find out if you can opt out of temporary full expensing for an income year on an asset-by-asset basis.

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On this page

You can make a choice to opt out of temporary full expensing for an income year on an asset-by-asset basis if you are not using the simplified depreciation rules.

However, you must notify us in an approved form that you have chosen not to apply temporary full expensing to the asset for an applicable income year.

Example: choice to not apply temporary full expensing in one year and temporary full expensing applying in a later year to same asset

Bill operates a demolition business as a sole trader. The business has an aggregated turnover of $1 million for the 2020–21 and 2021–22 income years. Bill does not use the simplified depreciation rules.

On 10 January 2021, Bill purchases a second-hand bulldozer for $200,500 and immediately uses it wholly for business purposes. The bulldozer qualifies for temporary full expensing in the 2020–21 income year. However, Bill chooses to opt out of applying temporary full expensing to the bulldozer in his 2020–21 tax return. Bill will work out the decline in value of the second-hand bulldozer under the general depreciation rules.

On 7 August 2021, Bill installs an alarm in the bulldozer for $1,200. The cost of this improvement to the bulldozer is eligible for temporary full expensing in the 2021–22 income year. If Bill does not opt out of applying temporary full expensing to the bulldozer in his 2021–22 tax return, he must work out the bulldozer's decline in value under the temporary full expensing rules for the 2021–22 income year. This is the sum of the:

- improvement cost of $1,200 incurred during the temporary full expensing period
- bulldozer's decline in value (disregarding the improvement cost) on the acquisition cost of $200,500, which would be worked out under the general depreciation rules.

If Bill wishes to opt out of applying temporary full expensing to the bulldozer for the 2021–22 income year, he will need to complete the relevant opt out labels in his 2021–22 tax return.

From 1 July 2021, you must use the tax return to let us know of your choice to opt out of temporary full expensing. The choice is unchangeable and you must notify us by the day you lodge your tax return for the income year to which the choice relates.

We can in some instances allow additional time for you to make a choice to opt out of temporary full expensing. If you are seeking additional time to make this choice, you will need to write to us.

How to write to us

You need to:

- clearly mark your request as ‘Temporary full expensing discretion request’
- outline why you need additional time to make the choice.

Online

If you're a tax agent, submit your request using Online services for agents.

If you use Online services for business, submit your request using Online services for business.

Post

You can post your request to us at:

> **AUSTRALIAN TAXATION OFFICE**
> **PO BOX 3000**
> **PENRITH NSW 2740**

QC 66396

Small business entities using simplified depreciation rules

Find out if your small business can apply temporary full expensing (TFE) if using the simplified depreciation rules.

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On this page

If you're a small business entity that chooses to use the simplified depreciation rules, temporary full expensing (TFE) rules apply with some modifications for the 2020–21, 2021–22 and 2022–23 income years.

Media:Example: small business entity ceasing to use simplified depreciation rules
http://tv.ato.gov.au/ato-tv/media?v=nixx79jdeh81of

Eligible assets

You immediately deduct the business portion of the asset's cost for assets you start to hold, and first use (or have installed ready for use) for a taxable purpose from 7:30 pm AEDT on 6 October 2020 to 30 June 2023.

No limit applies to the cost of the asset.

You can't deduct the business portion of an asset's cost if the asset is **excluded** from the simplified depreciation rules. The general temporary full expensing rules may apply to these assets.

Working out your deduction

You can't opt out of temporary full expensing for assets that the **simplified depreciation rules** apply to. You must immediately deduct the business portion of the asset's cost for assets you start to hold, and first use (or have installed ready for use) for a taxable purpose from 7:30 pm AEDT on 6 October 2020 to 30 June 2023. You don't add these assets to your **small business pool**.

You also deduct the balance of the small business pool at the end of an income year ending between 6 October 2020 and 30 June 2023.

The pool's closing balance for the income year is zero after full expensing.

Example: temporary full expensing for small business entity using simplified depreciation rules

X Co Pty Ltd has an aggregated turnover of $350,000 in its 2020–21 income year ending 30 June 2021. It has chosen to use the simplified depreciation rules.

On 30 November 2020, X Co Pty Ltd acquired a new delivery van for $35,000 and immediately used it for business purposes.

The balance of X Co Pty Ltd’s small business pool as at 30 June 2021 is $200,000.

Because X Co Pty Ltd chose to use the simplified depreciation rules for the 2021 income year and acquired and used the van for a business purpose after 6 October 2020, it cannot opt out of temporary full expensing for the van. It does not add the van to its small business pool and must deduct the balance of its small business pool at the end of its 2020–21 income year, which ends between 6 October 2020 and 30 June 2023.

In its 2020–21 tax return, X Co Pty Ltd must claim:

- an immediate deduction of $35,000 for the new delivery van
- a $200,000 deduction for the balance of its small business pool.

Example: temporary full expensing for small business entity ceasing to use simplified depreciation rules

Cleaning Services Pty Ltd used simplified depreciation rules in its 2019–20 income year ending 30 June 2020. Due to a growth in business in the 2020–21 income year, it is no longer a small business entity and cannot use the simplified depreciation rules for that year.

The balance of Cleaning Services Pty Ltd's small business pool as at 30 June 2021 is $170,000.

Under temporary full expensing, it must deduct the balance of its small business pool at the end of its 2020–21 income year, which ends between 6 October 2020 and 30 June 2023.

For its 2020–21 income year, Cleaning Services Pty Ltd must claim a $170,000 deduction for the balance of its small business pool.

Example: small business entity ceasing to use simplified depreciation rules

Lilian has chosen to use the simplified depreciation rules for several years and maintains a small business pool. At 30 June 2020, the balance of the pool was $180,000.

On 29 November 2020, Lilian purchased machinery for her business for $200,000 and does not wish to claim temporary full expensing for the cost of the asset in the 2020–21 income year. Lilian decides not to choose simplified depreciation for the 2020–21 income year and makes the choice to opt out of temporary full expensing for the machinery when lodging her tax return for the 2020–21 income year.

Lilian also chooses not to apply backing business investment in respect of the machinery and makes this opt-out choice in the 2020–21 tax return. Instant asset write-off will not apply to Lilian as she is not applying the simplified depreciation rules. Lilian will use the general depreciation rules to determine the decline in value of the machinery for the 2020–21 income year.

As Lilian has previously used the simplified depreciation rules and maintains a small business pool, she will deduct the balance of the pool ($180,000) at the end of the 2020–21 income year.

Improvements

You can deduct the business portion of the costs of improvements made to an asset from 7:30 pm AEDT on 6 October 2020 to 30 June 2023.

Lock out rules suspended

The 'lock out' rules are suspended until 30 June 2023 These rules prevented small business entities from accessing the simplified depreciation regime for 5 years if they opt out of the regime. The suspension of these rules allows small business entities to take advantage of temporary full expensing.

For more information, see:

- CGT small business entity eligibility
- Simpler depreciation for small business
- How to claim temporary full expensing.

QC 66407

How to claim temporary full expensing

Work out how to claim deductions under temporary full expensing when you lodge your tax return.

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Information you need

If your income years end on 30 June, deductions under temporary full expensing are only available in the 2020–21, 2021–22 and 2022–23 income years.

You claim the temporary full expensing deduction in your tax return for the relevant income year.

To claim a temporary full expensing deduction, you must complete the extra labels included in the 2020–21, 2021–22 and 2022–23 tax returns.

You can choose to opt out of temporary full expensing for an income year for some or all your assets and claim a deduction using other depreciation rules. However, you must notify us in your tax return that you have chosen not to apply temporary full expensing to the asset.

You can't change your choice and you must notify us by the day you lodge your tax return for the income year to which the choice relates.

Why we ask

Information given in these labels about your eligibility and your claim will:

- help us administer the temporary full expensing measure
- inform future services and initiatives for business.

What we ask

The information that you will need to give through extra labels in the tax return includes:

- whether you're making a choice to opt out of temporary full expensing for some or all your eligible assets
- the number of assets you're opting out for (if applicable)
- the costs of assets you're opting out for (if applicable)
- the total amount of your temporary full expensing deduction
- the number of assets you're claiming temporary full expensing for
- whether you're using the alternative income test (corporate entities)
- your aggregated turnover.

Tax return label guide

You can use the **temporary full expensing tax return label guide** to help identify which labels you will need to complete in your tax return. This will ensure you correctly claim or opt out of the temporary full expensing measure.

QC 66397

Temporary full expensing tax return label guide

How to complete the labels on your tax return when claiming or opting out of temporary full expensing.

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This guide can assist you to prepare your income tax return if you are claiming or opting out of temporary full expensing. Use it to correctly complete the labels on your return.

For more detailed instructions on how to prepare your income tax return, see the tax return instructions relevant to your entity type.

You can also download a PDF version of the Temporary full expensing tax return label guide (PDF, 104KB).

Entities using simplified depreciation

Table 1: Business expenses label to calculate net income o loss from business – Report all depreciation expenses at these labels

Item	ITR	TTR	PTR	CTR	Notes
Depreciation expenses	P8M	5K	5K	6X	Show the total depreciation deductions

					being claimed under the simplified depreciation rules and the uniform capital allowances (UCA) rules.

Table 2: Business expenses label to calculate net income or loss from business – Complete these labels to indicate your aggregated turnover

Item	ITR	TTR	PTR	CTR	Notes
Select your aggregated turnover range	N/a	49P	48U	8X	Select your aggregated turnover range.
Aggregated turnover	N/a	49Q	48V	8Y	Select your aggregated turnover range. Or, if you are a significant global entity, write your actual aggregated turnover rounded to the nearest $100 million.

Table 3: Complete these labels for assets first deducted in this income year

Item	ITR	TTR	PTR	CTR	Notes

Intangible depreciating assets first deducted	P17I	50A	49A	9A	You do not need to complete this label. Leave this blank.
Other depreciating assets first deducted	P18J	50B	49B	9B	You do not need to complete this label. Leave this blank.

Table 4: Complete these labels to indicate you are opting out of temporary full expensing

Item	ITR	TTR	PTR	CTR	Notes
Are you making a choice to opt out of temporary full expensing for some or all of your eligible assets?	P11C	50P	49P	9P	You cannot opt out of temporary full expensing for assets that the simplified depreciation rules apply to. Leave this blank.
Number of assets you are opting out for	P11D	50Q	49Q	9Q	You cannot opt out of temporary full expensing for assets that the simplified depreciation rules apply

					to. Leave this blank.
Value of assets you are opting out for	P11E	50R	49R	9R	You cannot opt out of temporary full expensing for assets that the simplified depreciation rules apply to. Leave this blank.

Table 5: Complete these labels to advise of temporary full expensing deductions

Item	ITR	TTR	PTR	CTR	Notes
Temporary full expensing deductions	P11F	50S	49S	9S	Show the total amount of any deduction under temporary full expensing you claimed at Depreciation expenses.
Number of assets you are claiming for	P11G	50T	49T	9T	Show the total number of assets for which you are claiming temporary full expensing.
Are you using the alternative	N/a	N/a	N/a	9U	If you have self-assessed your

income test?					eligibility for the alternative income test, show **X** in the **Yes** box. If you are not using the alternative income test, show **X** in the **No** box.

Table 6: Complete these labels if you are a small business entity using simplified depreciation

Item	ITR	TTR	PTR	CTR	Notes
Deduction for certain assets	P10A	51A	50A	10A	For the 2021, 2022 and 2023 income years, small businesses using the simplified depreciation rules cannot claim instant asset write-off. You therefore need to insert **0** at this label.
Deduction for general small business pool	P10B	51B	50B	10B	Show the total amount you claimed at **Depreciation expenses** relating to the general small business pool.

Entities not using simplified depreciation

Table 1: Complete these labels to indicate your aggregated turnover

Item	ITR	TTR	PTR	CTR	Notes
Select your aggregated turnover range	N/a	49P	48U	8X	Select your aggregated turnover range.
Aggregated turnover	N/a	49Q	48V	8Y	Select your aggregated turnover range. Or, if you are a significant global entity, write your actual aggregated turnover rounded to the nearest $100 million.

Table 2: Complete these labels for assets first deducted in this income year

Item	ITR	TTR	PTR	CTR	Notes
Intangible depreciating assets first deducted	P17I	50A	49A	9A	Write the cost of all intangible depreciating assets for which you are claiming a deduction for decline in value for

					the first time.
Other depreciating assets first deducted	P18J	50B	49B	9B	Write the cost of all depreciating assets (other than intangible depreciating assets) for which you are claiming a deduction for decline in value for the first time.

Table 3: Complete these labels to indicate you are opting out of temporary full expensing

Item	ITR	TTR	PTR	CTR	Notes
Are you making a choice to opt out of temporary full expensing for some or all of your eligible assets?	P11C	50P	49P	9P	Write: * **A** if you are opting out for some of your assets * **B** if you are opting out for all of your assets.
Number of assets you are opting out for	P11D	50Q	49Q	9Q	Show the number of assets for which you made the choice to opt out of temporary

					full expensing.
Value of assets you are opting out for	P11E	50R	49R	9R	Show the value of the assets for which you made the choice to opt out of temporary full expensing. The value is the amount you would have otherwise claimed for these assets under temporary full expensing if you had not made the choice to opt out.
Deduction for general small business pool	P10B	51B	50B	10B	Show the total amount you claimed at **Depreciation expenses** relating to the general small business pool.

Table 4: Complete these labels to advise of temporary full expensing deductions

Item	ITR	TTR	PTR	CTR	Notes
Temporary full	P11F	50S	49S	9S	Show the total

expensing deductions					amount of the deductions you are claiming under temporary full expensing.
Number of assets you are claiming for	P11G	50T	49T	9T	Show the total number of assets for which you are claiming temporary full expensing.
Are you using the alternative income test?	N/a	N/a	N/a	9U	If you have self-assessed your eligibility for the alternative income test, show **X** in the **Yes** box. If you are not using the alternative income test, show **X** in the **No** box.

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.