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## Simplified depreciation – rules and calculations

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This information is for bookkeepers, tax practitioners and others who are applying or advising on the simplified depreciation rules for small businesses.

It sets out the detailed rules and how to calculate depreciation for eligible small businesses that have chosen to apply simplified depreciation.

You can choose to use the simplified depreciation rules if you have a small business with an [aggregated turnover](#) ([/Business/Small-business-entity-concessions/Eligibility/Aggregation/](#)) of less than:

- \$10 million from 1 July 2016 onwards
- \$2 million for previous income years.

Under these rules you:

- immediately write-off – that is, claim their full cost in the year you buy them – most depreciating assets costing less than \$20,000 (the current [instant asset write-off threshold](#) ([?anchor=Instantassetwriteoff#Instantassetwriteoff](#))), that were bought and used, or installed ready for use from 7.30pm (AEST) on 12 May 2015 until 30 June 2018
- pool most higher cost assets (those with a cost equal to or more than the current instant asset write-off threshold) and claim
  - a 15% deduction in the year you buy them
  - a 30% deduction each year after the first year
- deduct the balance of your small business pool at the end of the income year if the balance at that time (before applying the depreciation deductions) is less than the instant asset write-off threshold.

If you choose to use the simplified depreciation rules, you must:

- use them to work out deductions for all your depreciating assets except those specifically excluded
- apply the entire set of rules, not just individual elements (such as the instant asset write-off)
- only claim a deduction for the portion of the asset used for business or other taxable purposes – not for the portion for private use.

If you choose to stop using the simplified depreciation rules or become ineligible to use them, you'll need to use the [general depreciation rules](#) ([/Business/Depreciation-and-capital-expenses-and-allowances/General-depreciation-rules---capital-allowances/](#)).

### Find out about:

- [Excluded assets](#) ([?anchor=Excludedassets#Excludedassets](#))
- [Buying and using assets](#) ([?anchor=buyingandusingassets#buyingandusingassets](#))
- [Instant asset write-off](#) ([?anchor=Instantassetwriteoff#Instantassetwriteoff](#))
- [Pooling and depreciating assets costing more than the threshold](#) ([?anchor=Poolinganddepreciatingassetscostingmore#Poolinganddepreciatingassetscostingmore](#))
- [Calculating pool events](#) ([?anchor=Calculatingpoolevents#Calculatingpoolevents](#))

- [If you no longer use simplified depreciation \(?anchor=IfyoucannolongerusetheSERules#IfyoucannolongerusetheSERules\)](#)
- [Rollover relief for business restructures \(?anchor=Businessrestructuresandtreatmentofdeprec#Businessrestructuresandtreatmentofdeprec\)](#)
- [Bookkeeping and record keeping \(?anchor=Recordkeeping#Recordkeeping\)](#)

**See also:**

- [Eligibility \(/Business/Small-business-entity-concessions/Eligibility/\)](#) – find out if you're eligible to use simplified depreciation
- [Division 328 Income Tax Assessment Act 1997 \(/law/view/document?docid=PAC/19970038/328-125\)](#)
- [General depreciation rules – capital allowances \(/Business/Depreciation-and-capital-expenses-and-allowances/General-depreciation-rules---capital-allowances/\)](#)

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