Access to SBE Tax Concessions

Fact Sheet, August 2026

Since 1 July 2018, businesses with an aggregated annual turnover of less than $50 million have had access to a range of small business tax concessions that were previously restricted to those generating $2 million or less. As a result, more businesses have been able to reap benefits of the following that are categorised by upper-limit of turnover thresholds:

Less than $50 million aggregated turnover

Corporate Tax Rate Reduction

The government reduced the tax rate of corporate entities to 25% for base rate entities with an aggregated turnover of less than $50 million for the 2022 Financial Year onwards. The maximum franking credit a small business can allocate may also be reduced to the lower tax rate for any dividends declared in future. This tax rate applies where no more than 20% of the income of the company is passive.

Temporary Full Expensing

Temporary full expensing provisions were implemented as part of the Federal Government's response to COVID 19 and was in place from 7.30pm on 6 October 2020 to 30 June 2023 where the business's aggregated turnover is less than $5 billion. Eligible second-hand assets is deductible for that period where the businesses' aggregated turnover is less than $50 million. Temporary Full Expensing rules only applied for the 2021, 2022 and 2023 financial years.

Simplified Stock Trading Rules

For financial years from 1 July 2021 onwards, where aggregated turnover is less than $50 million, this gives business owners the option of leaving their closing stock values the same as the prior year if the value of stock has not changed by more than $5,000.

PAYG Instalments

From 1 July 2021, a simplified method of paying PAYG Instalments is available as an option, as calculated by the ATO. This will remove the risk of under or over estimating PAYG instalments and the resulting penalties that may be applied.

Income Tax Return Amendment Period

From 1 July 2024 onwards, businesses now have up to 4 years from the day the ATO issues a Notice of Assessment to request an amendment to their income tax return. The time limit to amend income tax returns for the 2024 financial year and earlier years, was limited to two years.

Fringe Benefits Tax (FBT)

From 1 April 2021, the following FBT exemptions applied to businesses with aggregated turnover of less than $50 million:

- Access to the FBT car parking exemption.
- Ability to provide more than 1 identical work related item within a single FBT year to employees. For example, 2 work-related mobile phones or a work laptop and equivalent tablet as FBT Exempt if all other requirements are satisfied.

Prepayment Deduction

From 1 July 2020, an up-front deduction of eligible prepaid expenditure covering a period of 12 months or less in the income year is allowed, instead of apportioning the expenditure over multiple income years.

SBE Asset Restructure Rollover Relief

Eligible SBEs and their connected entities may defer the income tax consequences for business active assets rolled over to a new entity under a "genuine restructure". These provisions are complex and restrictions apply.

Less than $5 million aggregated turnover

Small Business Tax Offset

The ATO recognises that not all small businesses trade as companies. From 1 July 2016 onwards, unincorporated businesses with an annual turnover of less than $5 million are eligible for a tax discount up to annual value of $1,000 per individual.

Other Capital Gains Tax Implications

The threshold changes do not extend to small business capital gains tax concessions. The two SBE entity tests remain the same as prior years:

- Aggregated turnover threshold of less than $2 million, or
- $6 million maximum net asset value test.

Corporate Tax Rate Reduction

The Federal Government have recently announced a loss carry back for eligible companies to offset losses against previous tax paying years.

Loss Refundability for new start-ups

The government has announced that from 2028-2029 (after the next Federal Government election) a concession for small start-up businesses where they may be able to get a refund for tax losses in their first 2 years. This refund is up to the amount of fringe benefits tax, and withholding tax paid on employee wages.

Author: Accru Hobart

Disclaimer: This fact sheet is of a general nature only and is not intended to be relied upon as, nor to be a substitute for, specific professional advice. No responsibility for loss occasioned to any person acting or refraining from action as a result of this information can be accepted.