

MEDIA RELEASE

For immediate use:



YZY Kit Homes
Scandinavian Way of Life

TAX Opportunities for Building an External Home Office

- **Business Owners could Claim external Home Office Facility on Tax**
- **Expanded Instant Asset write-off Tax Incentives for Business Owners**

Working from a cabin in your backyard has more benefits than escaping traffic and enjoying a slower morning routine, as creating a separate **home office space could be 100% tax-deductible**, according to founder and Director of YZY Kit Homes, Lina Urbona.

Ms Urbona said if business owners were to professionally build a cabin in their backyard, they could claim their new office on tax.

The Australian Government is supporting all small businesses who survived during COVID-19 by offering a simplified tax write-off scheme. This enables small businesses to write off each asset costing less than \$150,000, instantly, until 31 December 2020.

“As long as your business has an aggregated turnover of less than \$500 million and your asset was purchased or installed between March this year and 31 December 2020, this scheme is applicable. However, I suggest moving fast on it, as the amount may reduce significantly to 30K after 31 December 2020,” Ms Urbona said.

Ms Urbona said this tax scheme excludes buildings, so your accountant would suggest classing the cabin under ‘Plant and Equipment’, which would imply the cabin to be a free-standing unit attached to the home. In addition, building a cabin as a demountable or non-fixtured structure will have no implications on Capital Gains Tax (CGT) in the future when you sell your home.

According to Ms Urbona, most of YZY Kit Homes backyard cabins in sizes of up to 20 m² will fit this tax scheme costing **as just \$14,800** for a small cabin kit right through to a fully installed 20m² cabin within the higher 50k price range. As well as an office, cabins can also be useful for business-related storage shed, a workshop, maybe a portable gallery or space as a work-related purchase. Talk to your nearest cabins builder about the many possibilities. But before making enquiries, check with your accountant for professional advice first.

Working from home rather than an external premise is becoming more popular among small business owners this year, with sales figures reflecting the months from

April until July indicating a sharp increase when compared to the year before. In some locations, sales have even tripled from the same time frame the previous year.

“In addition, some people tragically lost their job in the crisis so decided to take the plunge and start out on their own. Creating and managing a new business from their kitchen table may be poetic, but sometimes it's just not practical. Kids needing that same space for their homework and spouses in the kitchen preparing meals just aren't that conducive to working quietly on spreadsheets. This is when these courageous entrepreneurs decided to make innovative use of additional unused lawn outside.”

However, Ms Urbona said it is important for all tax payers to talk to their accountant when completing their tax return.

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Instant asset write-off expansion: <https://business.gov.au/news/instant-asset-write-off-expansion>

Instant asset write-off for eligible businesses:

<https://www.ato.gov.au/Business/Depreciation-and-capital-expenses-and-allowances/Simpler-depreciation-for-small-business/Instant-asset-write-off/>

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