INSTANT ASSET WRITE-OFF FOR VEHICLES
YOUR 2026 GUIDE

We've had clients recently ask us how they can claim the ATO's $20,000 instant asset write-off on vehicles. It's one of those rare tax breaks that feels like free money, if you time it right and tick the boxes.

This guide pulls together everything you need to know before 1 July 2026.

Tradies, sole traders and small businesses, read on.

Who qualifies and what counts?

Not every business or vehicle makes the cut.

You need:

- **aggregated turnover under $10 million** (this includes affiliates or connected entities- watch for family businesses)
- election into the **ATO's simplified depreciation rules** for the 2025-26 income year
- vehicle costing **less than $20,000** (GST exclusive if you're GST registered)
- **first used or installed ready for business** between 1 July 2025 and 30 June 2026

TIP

Commercial vehicles with **payload over 1 tonne** (think dual cab utes such as HiLux/Ranger, vans etc) dodge the **$69,674 passenger car limit**. Family SUVs and sedans? Capped at that amount, no exceptions.

Step by step: How to claim it properly

1. **Buy or finance** an eligible vehicle before 30 June 2026. March EOFY demos make this timing perfect - keep invoices, finance contracts and a logbook proving business use percentage.
2. **Put it to work**- even partial business use qualifies. A ute doing 70% jobs and 30% personal trips? Claim 70% of the cost instantly.
3. **Log it in your depreciation schedule**: purchase date, total cost, business use percentage and confirm it's under $20k.
4. **Claim in your 2025-26 tax return** (due by 30 October 2026 or via your accountant). No hoarding assets- it must be 'installed ready for use' by EOFY.
5. **Done.** The deduction slashes your taxable income immediately, often by thousands.

Example

A plumber grabs a $19,500 work van in March 2026 (100% business use). They deduct the full amount, saving up to $8,775 in tax at top small business rates. That's cash for tools, not the ATO.

The $20k threshold - commercial vs passenger vehicles

The $20,000 cap applies **equally** to all assets.

No special carve out for utes or vans.

A $25k HiLux won't be accepted for instant write-off, same as a $25k SUV.

However, here's where commercial vehicles win big:

Scenario	Vehicle	Cost	Payload	Instant write-off?	Next step
Sweet spot	Ute	$18k	1.2t	✓ **Yes** ($18k × business %)	Full deduction now
Over limit	Ute	$25k	1.2t	✗ **No**	Depn pool: 15% Yr1 ($3,750), full $25k over time
Over limit	SUV	$25k	0.8t	✗ **No**	Depn pool: **capped at 20k** (passenger rules)

Payload power

Over $20k, utes/vans depreciate their **full cost** without the $69k luxury cap strangling higher spec models. Passenger vehicles depreciate slower and hit the ceiling faster.

Vehicles that qualify

- **Utes and work vans** >1 tonne payload (no car limit applies).
- **Passenger cars/SUVs** up to $20k or $69,674 (whatever is lower).
- **Trucks, tools, machinery** under $20k. New or used- doesn't matter.

Heads up

Luxury vehicles above the thresholds, EVs and novated leases can all sit under different FBT and depreciation rules, so it's worth confirming the detail with your accountant.

Salaried employee?

Novated leases are usually set up as a three way agreement between an employer, employee and financier, with repayments made via salary packaging.

Explore this option with your employer and accountant (or financial adviser) to see if it suits your situation.

Why March = perfect timing

EOFY demo stock is still discounted, landing many low km utes/vans squarely under $20k.

Chattel mortgages let you claim GST upfront plus full depreciation benefits.

Pre-approve finance now, buy before June, claim in your tax return. Your EOFY position improves before the rush.

Don't miss out.

The $20k write-off needs to be financed and delivered before 30 June 2026.
Tradies: Upgrade that ute.
Businesses: Refresh the fleet.

Ready to calculate your business use percentage, check payload specs and structure finance for maximum deduction? One conversation could unlock thousands.

Let's talk vehicles that help pay for themselves.

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