

Government Stimulus Package – Part B

Small Business & General Business Tax Break

Businesses can claim a tax deduction in the form of an investment allowance in addition to usual depreciation claims available on eligible assets. The tax break provides:

- an additional tax deduction of 30 per cent of the cost of eligible new depreciating assets acquired under a contract, or started to be constructed between 13th December, 2008 and 30th June, 2009 and installed ready for use by the end of June 2010.
- an additional tax deduction of 10 per cent of the cost of eligible new depreciating assets acquired under a contract, or started to be constructed, between 1st July, 2009 and 31st December, 2009 and installed ready for use by 31st December, 2010.
- New expenditure on existing assets may also qualify.

For both periods, small businesses will be able to claim the deduction for eligible assets costing \$1,000 or more. Small businesses must have a turnover of less than \$2 million a year to qualify.

For other businesses, a minimum expenditure threshold of \$10,000 applies.

NCS-Nicholls Comment

If you're in the market for new capital equipment for your business (plant, equipment, motor vehicles etc), there is a great opportunity to buy now on the basis of:

- i) the additional 30% tax break available*
- ii) suppliers are marking down prices dramatically to encourage sales*

Under the existing company taxation regime, for every \$1,000 spent on new capital equipment before 30th June, 2009, a tax deduction of \$300 is available which translates to a \$90 cash benefit (30% marginal rate). This is in addition to usual depreciation allowances.

The tax break is also available to non-incorporated businesses acquiring capital equipment.

If you intend to finance a capital purchase, please contact us initially to ensure the finance structure complies with the terms of the tax break.

March, 2009