

Tax News, Views and Clues

February 2009 Update Proposed Government spending initiatives announced on 3 February 2009

INVESTMENT ALLOWANCE

The initial 10% investment allowance has now been upgraded to a 30% investment allowance (conditions apply), and small business has now been included.

Small Business

- A small business is a business that has a turnover of less than \$2 million.
- Small business can claim a 30% tax deduction for eligible depreciating assets costing \$1,000 or more that are acquired from 13 December 2008 to 30 June 2009, and installed by 30 June 2010.
- For eligible assets costing \$1,000 or more that are acquired from 1 July 2009 to 31 December 2009, and installed by 31 December 2010, a tax deduction of 10% is available.

- The deduction (investment allowance) is calculated on the cost of the asset (excluding GST) and is additional to the normal depreciation allowance.

General Business

- The tax deduction available and timing is the same as for small businesses however the minimum expenditure threshold is \$10,000 on eligible depreciating assets.

The deduction is claimable in the income year in which the asset is installed ready for use.

PLEASE CONTACT US FOR FURTHER DETAILS.

CASH BONUS – UP TO \$950

The government will provide a one-off lump sum tax bonus of up to \$950 (conditions apply).

The bonus will be available to Australian Residents who have a net tax liability in respect of the 2007-08 financial year after taking into account tax offsets and imputation credits.

The bonus is:-

- \$950 to eligible taxpayers with a taxable income of up to and including \$80,000.
- \$650 to eligible taxpayers with a taxable income of more than \$80,000 but less than \$90,000.
- \$300 to eligible taxpayers with a taxable income of more than \$90,000 and up to \$100,000.

Taxpayers will not need to apply for the payment. The Australian Taxation Office will automatically make the payment starting in April 2009, to those eligible taxpayers who have lodged their 2007-08 tax return. The bonus will only be available to taxpayers who lodge their 2007-08 tax return by 30 June 2009.

PLEASE CONTACT US FOR FURTHER DETAILS IN RELATION TO THIS BONUS, AND OTHER BONUSES THAT MAY BE AVAILABLE.

You can view the Treasurer's Media Releases at www.treasurer.gov.au

All of the above is dependant upon Parliamentary approval

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