

ATO Tax Break Continues

Although the first phase of the Federal Government business investment tax break has concluded as of June 30, there is still plenty of time to take advantage of the second phase.

Small businesses are still able to claim a bonus **tax deduction of 30%** of the cost of eligible assets costing \$1000 or more acquired before 31 December 2009, and installed by 30 June 2010.

Small businesses eligible for this offer are those with a turnover of up to \$2M. The assets must be purchased (or at least ordered) by December 31 this year, and installed by June 30 next year.

For businesses with a turnover of more than \$2M, the eligible assets must be \$10,000 or more, and the tax deduction will be 10%.

In ATO terms, the description of "Eligible Assets" is: "*new tangible depreciating assets and new expenditure on existing assets used in carrying on a business for which a deduction is available under the core provisions of Division 40 (Capital Allowances) in the Income Tax Assessment Act 1997.*" The deduction is applicable to outright purchases, financial (standard) leases, and commercial HP agreements. As yet the ATO has not made a determination regarding rental agreement or what is known as an operating lease. (More detailed information can be found on the ATO's website, "Businesses" section.)

For most of us, the best way of ensuring we get the benefit of this particular stimulus offer would be by consulting our accountants, but in general terms, this is what the Small Business and General Business Tax Break can mean for your business...

- A small business that buys or orders an eligible asset before the end of December 2009 can claim an additional \$300 deduction for each \$1000 cost in its 2009-10 tax return.
- Buy or order a Kodak s1220 Scanner at a cost of \$2,510 by the end of December 2009, install before the end of June next year: claim an additional \$753 deduction in your 2009-10 tax return.
- Buy or order a Kodak G4X DS1 digital photo station at a cost of \$14,940 by the end of December 2009, install before June 30, 2010: claim an additional \$4,482 deduction in your 2009-10 tax return.

C-Direct MD, Peter Ciliberto, adds his comment: "Retailers should assess how to take advantage of this unbelievable bonus. It's a case of turning a tough economic situation into an opportunity. They should make that assessment considering whether they will still be in business when we come back into economic good times."