



New Investment Allowance for Business

Small Business Investment Allowance

On Tuesday 3rd February 2009 the Rudd Government announced a \$42 billion Nation Building & Jobs Plan for Australia.

Part of the announcement involved an increase in the investment allowance applicable to small business.

Small businesses can now claim an additional 30% tax deduction (an investment allowance) for eligible assets costing \$1,000 or more that they acquire from 13th December 2008 to 30th June 2009, provided they are installed by June 2010.

Small businesses acquiring assets between 1st July 2009 to 31st December 2009 can claim an additional 10% tax deduction (investment allowance) where those assets are installed by 31st December 2010.

To be eligible for the announced investment allowance, a small business must have a turnover of \$2 million a year or less.

Other businesses (not small businesses) can receive the investment allowance for eligible assets provided the cost is greater than \$10,000 e.g. a landscaping business entered into a binding contract to acquire a new backhoe on 20th May 2009 for \$60,000 (plus GST) the backhoe is delivered and ready for use on 20th June 2009.

The business will be entitled to claim 30% of the cost (\$60,000) resulting in an additional deduction of \$18,000 over and above the normal depreciation.

If the business had delayed the acquisition until after 30th June 2009, it would be eligible for only a \$6,000 investment allowance (10%).

New Investment Allowance for Small Business

PAYG Instalment Reduction for Small Businesses

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PAYG Instalment Reduction for Small Businesses



To help small businesses weather the global financial crisis, the Australian Government announced recently that it would reduce the Quarterly Pay As You Go Instalment (PAYG) due for the December quarter by 20%. For many small businesses, this instalment will be due on 21st January 2009

while for others the instalment is due on 28th February 2009.

The 20% reduction applies only to the PAYG Instalment. It does not apply to other tax liabilities such as PAYG withholding, Goods and Services Tax (GST), Fuel Tax or Fringe Benefits Tax (FBT). All the above taxes will remain as properly calculated and no 20% reduction will apply.

This means that eligible small businesses will only have to pay 80% for the PAYG Instalment amount (shown at label T7) and 100% of all other liabilities such as PAYG withholding, GST, Fuel Tax and FBT.

You do not qualify for the 20% reduction if:-

- you are a business with an annual turnover of \$2 million or more,
- you are a business and work out your PAYG Instalment using the percentage method,

- you are a business that varied the PAYG Instalment amount for the 2008/09 income year,
- you are a business and pay only two (2) instalment amounts per year (normally the March and June quarters),
- you are a tax payer, not in business and only have investment income.

The tax office will be sending letters to eligible monthly lodgers on 12th January 2009 and a further set of letters to eligible quarterly lodgers in early February 2009. The letter encloses a guide as to how to work out the benefit of the reduction.

You should note that the reduction applies only to the PAYG Instalment amount advised in respect of the December 2008 quarter.

PAYG Instalment Reduction for Small Businesses continued.....

The 20% reduction in the PAYG Instalment is not a 20% tax rate cut. The reduction measure only reduces the PAYG Instalment for the December 2008 quarter that you are required to pay towards your annual income tax liability. The reduction is designed to more accurately reflect small business average profit growth in the current economic environment. The 20% reduction for the December 2008 quarter simply means that you will have less PAYG Instalment credits to offset against the tax on your 2009 income once it is finalised.



Natural Disaster Assistance

On Friday

30th January 2009 the minister for Primary Industries & Fisheries, the Honorable Tim Mulherin enacted the Individual Disaster Stricken Property declaration (IDSP)

for primary producers effected by flooding in Queensland's North.

If your property has suffered loss or damage as a result of this disastrous event, primary producers can obtain an Individual Disaster Stricken Property (IDSP) certification from the Department of Primary Industries and Fisheries enabling loan assistance to be sort.

The Hinchinbrook Shire Council has been declared as a shire effected under the provisions.

For natural disaster relief and recovery arrangement activated on or after 30th January 2008, the maximum loan amount is \$250,00 for any one (1) eligible natural disaster.

For declared disaster areas, primary producers are eligible for concessional interest rate loans with the initial interest rate being 4%.

In maximum term of up to seven (7) years applies to this program and

there are no establishment, account keeping or early payout fees applicable.

The QRAA Natural Disaster Assistant loans do come with terms and conditions and these terms and conditions identified require eligibility criteria for each loan. Some of the key criteria that will need to be met include:-

1. Being in working occupation on your farm.
2. Having used up all liquid assets and normal credit sources to normal credit limits.
3. Being considered viable with the assistance provided.
4. Having taken reasonable precautions to minimize or prevent the disaster.

For further information regarding the natural disaster loans, please contact QRAA on 1800 623 946.

Education Tax Refund

The Federal Government has introduced for the 2008/09 tax year an education tax refund. The Government has reminded parents to ensure that they keep receipts of education expenses so that the refund can be claimed.

Eligible families will be able to claim 50% of key education expenses up to the following limits:-

1. \$750 for each child undertaking primary studies. (maximum refund of \$375 per child per year)

2. \$1,500 for each child undertaking secondary studies. (maximum refund of \$750 per child per year)

Parents entitled to Family Tax Benefit (FTB) Part A for children in primary and secondary school for the relevant financial year are eligible for the education tax refund.

Parents are also eligible if they have children in primary or secondary school who would be eligible children for FTB Part A but for the fact that the child receives certain payments or allowances for example Youth Allowance,

Disability Support Pension and Abstudy Living Allowance. The Education Tax Refund will apply to common back to school items including:-

- Laptops
- Home computers and associated costs
- Home internet connections
- Printers
- Education software
- Trade tools for use at school
- School text books and
- Stationery



141 Sturt St Townsville Q 4810
 PO Box 2105 Townsville Q 4810
 73-81 Lannercost St Ingham Q 4850
 PO Box 1012 Ingham Q 4840
 Townsville
 P: 0747727033
 Ingham
 P: 0747765300
 E: info@bjcarey.com.au

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