

30% Tax Deduction Allowance and your Retail Business



The goal of this article is to further explain the proposed Australian legislation that was discussed in our article on the Business Tax Allowance. The below article is a longer version, more fully reviewing the \$2.7 billion Business Tax Break which is a part of the Government's \$42 billion Nation Building and Jobs Plan. And again we should state that we are not accountants and you should consult with a professional before making any commitments.

What is the Investment Allowance?

This draft Investment Allowance legislation, states that if you purchase any eligible asset before 30 June 2009 and install it by 30 June 2010, you will be entitled to a bonus tax deduction of 30% of the cost of the asset. If the purchase is made after 30 June 2009, the tax deduction will drop to 10%. (For more details please visit the [ATO website](#) or consult your tax advisor).

It is Important for 4 reasons:

- 1) It is far reaching and affects most businesses from small to large.
- 2) If it passes, you could qualify for a reduction in tax liabilities for 30% of qualifying purchases.
- 3) It is expected to be for new eligible assets or upgrades to existing eligible assets.
- 4) The deadline for the maximum 30% deadline is fast approaching. June 30th 2009!
So any action should be swift.

We at Creative Computing think this is a good idea as it goes to businesses large and small and traditionally businesses are the drivers of new ideas, new technologies and of course all of our jobs.

As you may have guessed as we are a business to business provider, a large percentage of the items we sell seem to be likely to be granted this tax allowance. This will allow more businesses to have top quality equipment such as new servers, point of sale equipment, scanners, printers, etc. at more locations and with a higher degree of management data. This could allow you to operate more efficiently this year and for years to come.

If you take advantage of this you will be operating your Australian business more efficiently, but also you will be doing business with Creative Computing, an Australian owned and operated business since 1983.

Some important information to consider:

- 1) This bill is proposed and not passed yet. It is expected to be passed in early May.
- 2) For small businesses under \$2 million turnover a year the purchases must be \$1,000 or more.
- 3) For large businesses (over \$2 million turnover a year) the purchases must be over \$10,000.
- 4) This is not for all purchases. The items must be Tangible Assets as defined by the ATO.
- 5) This is Australian legislation and does not apply to businesses or locations outside of Australia.
- 6) If the eligible assets were leased, then the lease company would take the tax benefit. It is expected that the lease company would then offer reduced lease rates.



But what this can mean for your business:

Business Investment Allowance - Retail Management Examples

Example:	Upgrade	Multi Store & Terminal	Multi Store & Terminal
Purchase Before:	30-June-2009	30-June-2009	30-June-2010
Install By:	30-June-2010	30-June-2010	31-December-2010
Purchase Price:	\$5,000	\$60,000	\$60,000
Tax Deduct. Rate:	30%	30%	10%
Tax Deduction:	\$1,500	\$18,000	\$6,000

**Proposed Australian Legislation, Seek Independent Accounting Advice*

Small businesses can claim an additional 30 per cent tax deduction for eligible assets costing \$1,000 or more that they acquire from 13 December 2008 to 30 June 2009, and install by 30 June 2010.

For eligible assets costing \$1,000 or more that they acquire from 1 July 2009 to 31 December 2009, they can claim an additional 10 per cent deduction where they are installed by 31 December 2010.

So obviously if you have been considering purchasing a new retail business system, it would be VERY advantageous to make a commitment before June 30 2009, for installation before June 30 2010. Look at the same purchase in the spreadsheet above for \$60,000 in columns 3 and 4.



How can Creative Computing help?

We are familiar with the proposed legislation and can help you understand it. We will consult with you about what Retail Business Management Solution would be best for your business and to give you an estimate of the tax benefit you could get. We can then develop a proposal for you and get it to you in plenty of time to allow you to make a decision before June 30th 2009. Please phone Shaun on 1300 646 536 or contact us.

We are expecting to receive a large number of enquiries in the next few weeks so we advise you contact us soon so you don't miss out on this great opportunity.

Disclaimer: Creative Computing provides Retail Management Solutions including Point of Sale, Inventory Management, Profitability, and Customer Relationship Management to small, medium and large businesses. However, we do not provide taxation or accounting advice and recommend you seek advice from your tax accountant or financial department.