



# SMALL BUSINESS 50% INVESTMENT ALLOWANCE BULLETIN

## WHAT IS INVESTMENT ALLOWANCE?

It is a Tax Break being provided by the Government in an effort to stimulate businesses to buy NEW equipment. Investment Allowance is another tax deduction available in addition to your normal annual depreciation charges.

## HOW MUCH IS IT?

If you purchase or order new eligible equipment for your business between 13 Dec 2008 and 30 Dec 2009 then you can claim **50%** of the Invoice Amount (ex GST) as a one off tax break.

The equipment has to be delivered new to you no later than 31 December 2010 to qualify for the Tax Break.

If your business turns over more than \$2m talk to Moody Kiddell & Partners to find out more.

## WHAT IF I MISS THESE DATES?

Then you will not get the Tax Break, so act now.

## HOW DOES IT WORK?

See the example over the page.

## DOES ALL NEW EQUIPMENT QUALIFY?

If you are a small business then all tangible assets eligible for depreciation over \$1,000 qualify for Investment Allowance.

## DOES SECOND HAND EQUIPMENT QUALIFY?

No the equipment has to be new. "New" means that the asset has not been used before by anyone, anywhere. *Reasonable demonstration hours are acceptable, but invoice has to read new..*

## HOW DO I FINANCE THE PURCHASE?

Moody Kiddell & Partners will structure the right finance for you so call Chris Newton or Scott Thomson now.

The temporary investment allowance is subject to legislative approval.



For finance call **Chris Newton**

Office: **02 9439 6699**

Mobile: **0419 200 005**

Email: [cnewton@mkpfinance.com.au](mailto:cnewton@mkpfinance.com.au)

Or **Scott Thomson**

Office **02 8436 6924**

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## SO HOW DO THE NUMBERS WORK OUT?

- ◆ We need to make some assumptions and these should be checked with your accountant before entering into the transaction and the finance.
- ◆ Lets assume you are buying a NEW Wood chipper.
- ◆ It will cost say \$100,000 (excluding GST).
- ◆ To finance say \$110,000
- ◆ You want to finance it over 60 months with no balloon at end of the term.
- ◆ You placed your order & it was delivered on 1st June 2009.
- ◆ Your accountant says the effective life of this equipment is 8 years so the annual depreciation rate is 25% per annum.

Tax Deductions available as at end of the 2009 Financial Year.

Investment Allowance	\$50,000.00	50% of ex GST cost
Annual Depreciation	\$ 2,083.33	1/12ths of the year
Interest for period	\$ <u>767.15</u>	1 months

**Total Deductions**            **\$52,850.48** this year

Cash outlay 1 payment of **\$2,234.29**

*The information listed is correct to the best of our knowledge. The 50% Tax Break is pending legislation approval.*



For more information or to apply for finance  
call **Chris Newton** at Moody Kiddell & Partners direct  
on 02 9439 6699 or mobile **0419 200 005**  
or Scott Thomson  
on 02 9439 6699 or 0439 423 987