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Equipment Investment Allowance **as part of the Government's Stimulus Package**

The Federal Government on 13th Feb 2009 passed the Small Business & General Business Tax Break as part of the \$42b Stimulus Package.

Benefit 1

The Investment Allowance enables small businesses to claim an additional 30% depreciation on equipment purchased between 13th Dec 2008 & 30th June 2009. The Investment Allowance applies to most types of new plant & equipment, including motor vehicles.

This is a one off additional depreciation claim for this equipment only. Equipment only purchased during this time frame is eligible for the 30% depreciation claim. It is not eligible for the additional 10% in the following period (see Benefit 2).

Benefit 2

For eligible assets costing \$1,000 or more purchased from 1st July 2009 to 31st Dec 2009, businesses can claim an additional 10% depreciation where the goods are received by 31st Dec 2010.

Note: Businesses with an annual turnover of less than \$2m can claim on equipment costing \$1,000 or above, while businesses with a turnover of greater than \$2m or above can claim on equipment costing \$10,000 or above.

Please note that the Investment Allowance is not a rebate entitling you to a cheque or money. It is the ability to make a one-off depreciation claim above the existing ATO guidelines.

The claim may impact on your financial position & subsequently the amount of tax paid. Please discuss your situation with professional accountants to determine the best way to maximise the benefits of the Investment Allowance.

We have provided general information for guidance only in this newsletter. For business and personal taxation planning, or other professional advice having regard to your circumstances, please come and see either Charles or Matthew.