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General Business Investment Allowance Tax Break

The Small Business and General Business Investment Allowance Tax Break was announced on 3rd February 2009 as part of the Government's Nation Building and Jobs Plan.

The tax break, in the form of an investment allowance will provide:

- an additional tax deduction of 30% of the cost of eligible **new** depreciating assets acquired under a contract, or started to be constructed, *after 13 Dec 2008 and before the end of June 2009* and installed ready for use by the end of June 2010.
- an additional tax deduction of 10% of the cost of eligible **new** depreciating assets acquired under a contract, or started to be constructed, *between 1 July 2009 and 31 December 2009* and installed ready for use by the end of December 2010.
- *A minimum expenditure threshold of \$10,000 applies.*
- The Tax Break will not apply to second hand assets.
- For leased assets, provided the asset being leased is a new, tangible depreciating asset for which a deduction is available under the core provisions of Division 40, then the asset will be eligible for the Tax Break.

Small businesses with a turnover of less than \$2 million a year will be able to claim the deduction for eligible *assets costing \$1,000 or more. They will be able to claim a 50% deduction, so long as the assets are ordered between 13 Dec 2008 and 31 Dec 2009, and they must be installed ready for use by the end of Dec 2010.*

Don't miss out!

- If you are thinking of purchasing some new assets now is not the time to hesitate. You must **purchase an eligible asset between 13 Dec 2008 and June 2009**, and must be installed by the end of June 2010 to ensure you receive the **30% bonus deduction**. If the asset is installed by the end of Dec 2010 you will still qualify for the 10% bonus deduction.

[Disclaimer: This information is only a guide for definite tax planning please consult with your tax agents].