

## Small Business Investment Allowance

### Reminder

#### Goods must be ordered before 31<sup>st</sup> December 2009

For businesses with turnover of less than \$2M per annum the government 50% investment allowance is still available provided the goods are ordered prior to 31<sup>st</sup> December 2009. To recap:

##### What is this allowance?

The Government introduced a 50 per cent investment allowance to encourage small businesses to undertake capital investment. The allowance is an additional tax deduction over and above the normal depreciation allowed for capital equipment.

##### Is my business eligible?

The allowance will be offered on almost all new plant and equipment, vehicles and other assets costing over \$1,000.

##### What are the deadlines for eligibility?

The allowance is available for new assets which ordered prior to 31<sup>st</sup> December 2009 provided they are installed and ready for use by 31<sup>st</sup> December 2010.

##### How do I receive the allowance?

Your accountant will claim the allowance as an additional expense on your tax return for the year in which the equipment was delivered.

##### How do I finance the purchase of my new machine?

To finance the machine and also receive the benefit of the investment allowance goods need to be financed by way of a "Chattel Mortgage" Agreement rather than as a lease or rental agreement.

As a guide finance payments over 5 years with nil balloon are \$20 per month for every \$1,000 of purchase price.

e.g. for a \$30,000 machine payments would be approx 30 x \$20 = \$600 per month.

