FACTSHEET

FINAL REMINDER

INVESTMENT ALLOWANCE IS COMING TO AN END!

December 2009

DON'T MISS OUT… Investment Allowance Deadline 31 December 2009

There is limited time to take advantage of the government's investment allowance - otherwise known as the small business and general business tax break.

Please refer to the back of this sheet for a summary of the basic rules for Small Businesses and Large Businesses.

There are 2 basic rules which apply to all.

Rule 1: The Investment Allowance can only be claimed if you "commit" to purchasing an asset by 31 December 2009.

Rule 2: The Investment Allowance is claimed in the financial year in which the asset is delivered and installed ready for use.

How do I "commit" to purchasing an asset by 31 December 2009?

- ✔ Enter into an Order Contract by 31/12/09.
- ✔ We recommend you pay a deposit by 31/12/09 as further proof of commitment, even if the seller does not require a deposit.
- ✔ Pay for the asset by cheque, or by a Chattel Mortgage or Equipment Loan.

We also remind you that the Investment Allowance only applies to **new assets** that are used mainly for business purposes.

Genuine Demonstrator Motor Vehicles may be treated as "new" subject to conditions.

As per our previous advice, Farmers cannot claim dams, tanks, pumps or other plant used in conserving or conveying water. Farmers can claim the Investment Allowance on sheds constructed on farming land. Non-farming businesses cannot claim the Investment Allowance on sheds.

BEWARE - Hire Purchase and Leases

You will not qualify for the tax break if you enter into a normal finance lease as you won't be the "owner" of the asset. HP arrangements and luxury car leases qualify, BUT the "commitment" date is the date you enter into the HP or lease, not when an order contract is made. This date could be after 31st December 2009 and not qualify.

Since we cannot list the entire legislation on this Fact Sheet, we encourage you to ring us with your specific questions.

THE BMO OFFICE CLOSES ON WEDNESDAY 23rd DECEMBER. PLEASE CONTACT US BEFORE THIS DATE !!

Ph: 07 4662 3722
Fax: 07 4662 5975
www.bmo.com.au

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We have listed below the rules for claiming the Investment Allowance in the 2009/10 and 2010/11 years. (The rules for claiming the Investment Allowance in the 2008/09 year were listed in our March and May Factsheets.)

SMALL BUSINESS ENTITIES
(Turnover less than $2 million)

The minimum expenditure amount is $1,000. (gst-exclusive cost)

Can I claim the Investment Allowance of 50% in the 2009/10 year?

Yes, if you satisfy the following conditions**:**

- If you "commit" to purchasing the asset prior to 30 June 2009, and the asset is delivered and installed after 1 July 2009 but prior to 30 June 2010.
- If you "commit" to purchasing an asset between 1 July 2009 and 31 December 2009 and have the asset delivered and installed prior to 30 June 2010.

Can I claim the 50% Investment Allowance in the 2010/11 year?

Yes, if you satisfy the following conditions:

- If you "commit" to purchasing the asset between 1 July 2009 and 31 December 2009 and the asset is delivered and installed between 1 July 2010 and 31 December 2010.
  The Investment Allowance is **50%.**

LARGE BUSINESS ENTITIES
(Turnover greater than $2 million)

The minimum expenditure amount is $10,000. (gst-exclusive cost)

Can I claim the Investment Allowance in the 2009/10 year?

Yes, if you satisfy the following conditions**:**

- If you "commit" to purchasing the asset pre 30 June 2009 and asset is delivered and installed after 1 July 2009 but prior 30 June 2010. The Investment Allowance in this case is **30%**.
- If you "commit" to purchasing the asset between 1 July 2009 and 31 December 2009 and asset is delivered and installed prior to 30 June 2010. The Investment Allowance in this case is **10%.**

Can I claim the Investment Allowance in the 2010/11 year?

Yes, if you satisfy the following conditions:

- If you "commit" to purchasing the asset between 1 July 2009 and 31 December 2009 and the asset is delivered and installed between 1 July 2010 and 31 December 2010.
  The Investment Allowance is **10%.**

Making the right decision for your business

At BMO our priority is to help you achieve your business goals and make the right choices for your particular circumstances. We urge you to contact us to discuss any planned purchases to determine your eligibility for the Investment Allowance and review your individual situation.

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