

Order a Nichiyu Forklift by June 30, 2009 and qualify for 30% bonus tax deduction

The following information is based on a joint media statement released by the Prime Minister & Minister for Small Business

The Federal Government has announced a "Temporary Investment Allowance" from 10% to 30% as part of its economic stimulus program to encourage businesses to invest in new Capital Equipment and Vehicles.

The proposed allowance gives businesses a "one off tax deduction" equal to 30% of the Capital Cost of eligible New Equipment and Motor Vehicles. This is in addition to the standard depreciation claimed for such assets.

For example, on a \$100,000 machine this equates to an extra \$30,000 as a "one off" tax deduction.

With interest rates at 40 year lows and still dropping, Equipment and Vehicles being sold at bargain prices, a 30% extra tax deduction on the table and a \$42 billion stimulus package, now may be the best time to act!!

There has never been a more critical time to position your business for the future.

Don't miss out on this great opportunity to give your business a lift!

30% Temporary Investment Allowance

Businesses can claim an additional 30% tax deduction for eligible assets costing \$10,000 or more that they order from 13 December 2008 to 30 June 2009, and install by 30 June 2010. For eligible assets ordered from 1 July 2009 to 31 December 2009, they can claim an additional 10% deduction where they are installed by 31 December 2010.

What it Means in Real Terms

A business that buys and takes possession of a \$60,000 forklift by the end of June 2009 can claim an additional \$18,000 deduction in its 2008-09 tax return.

Additional Tax Break up to 50% for Small Business

In the recent Budget, the Federal Government announced it will inject an additional \$141 million to expand the Small Business and General Business Tax Break for small businesses with a turnover of \$2 million a year or less. The proposed 50% tax deduction will be available for eligible assets costing \$1000 or more ordered between 13 December 2008 and 31 December 2009 and installed ready for use before 31 December 2010.

Eligible Assets

The tax bonus will apply to tangible assets used in carrying on a business, for which a deduction is available under the core provisions of Division 40 (Capital Allowances) of the Income Tax Assessment Act 1997 (ITAA 1997).

Specifically, the deduction will be available for depreciating assets under section 40-30 that qualify for capital allowances under Subdivision 40-B, except for intangibles and rights that would otherwise be included by subsections 40-30(2), (5) and (6).

However, cars will not be disqualified from the allowance merely because they use the 12% method. Land and trading stock are excluded from the definition of depreciating assets, and will not qualify for the deduction.

Expenditures above the threshold which are capitalised into an existing asset as a second element of cost will also qualify for the deduction.

The deduction is on top of the usual capital allowance deduction claimable for the asset as part of the taxpayer's income tax return.

Claiming the Deduction

The deduction will be able to be claimed based on the applicable rate (50, 30 or 10%) and the asset's first and/or second elements of cost in terms of Subdivision 40-C. The deduction is claimable in the income year in which the asset is installed ready for use.

Further Information

Additional details can be obtained by visiting www.ato.gov.au and we suggest you consult your accountant/tax adviser to confirm if your business is eligible for the tax break.

For details on how much the Temporary Investment Allowance can save you on your next forklift, please contact Nichiyu. But, don't leave it too late! Equipment must be ordered by June 30, 2009 to be eligible for the 30% tax deduction!



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