

30% Investment Allowance.

This financial year could be the perfect year for eligible businesses to upgrade or pull forward their vehicle purchases on the back of historically low interest rates and the Federal Government's recently announced Investment Allowance.

On 19 March 2009, the *Tax Laws Amendment (Small Business and General Business Tax Break) Bill 2009* was introduced into Federal Parliament. If passed into law, the Federal Government's proposed Investment Allowance, as currently outlined, could provide a "one-off" bonus tax deduction equal to 30% of the capital cost of eligible new tangible assets (ex GST), such as new motor vehicles, so long as they meet the applicable investment thresholds and are:

- Used in carrying on the business
- Acquired between December 13 2008 and June 30 2009, and
- Operational by June 30 2010

According to the bill, this deduction, if passed, would be over and above the standard depreciation allowance.

Eligibility rules are to be finalised as the bill is tabled and to be reviewed in Federal Parliament and will depend on your specific circumstances. Businesses need to obtain their own independent tax advice.

In addition, under the bill, eligible businesses that purchase any eligible asset between July 1 2009 and December 31 2009, which is operational by December 31 2010, may be eligible for a bonus tax deduction equal to 10% of the capital cost of the eligible assets (ex GST), over and above the standard depreciation allowance.

The proposed investment allowance is intended to form part of the Federal Government's economic stimulus package, so it's a good time to fully assess this opportunity with a view to upgrading your vehicle(s) this financial year, or maybe bringing forward your purchase(s) from 2010, and taking advantage of these potential tax breaks.



Model Shown Sportwagon SV6

Qualifications

According to the bill, the proposed investment allowance would apply:-

- to eligible businesses that are entitled to tax depreciation deductions in relation to motor vehicles;
- to new vehicles (which could include a demonstrator vehicle under certain conditions) that meet the investment thresholds;
- to vehicles used in Australia for the principal purpose of carrying on a business; and
- for the income year in which the vehicle is first used or installed ready for use;.

The information above is subject to change as the bill is tabled for review in Federal Parliament.

Key Dates

Enter into purchase contract between	Ready for use by	Extra deduction in relevant income year
13 December 2008 to 30 June 2009	30 June 2010	30%
1 July 2009 to 31 December 2009	31 December 2010	10%



Model Shown Ute SV6

Potential benefits of purchasing a vehicle before June 30 2009

Based on Holden's recommended retail prices, if passed into law, eligible businesses could obtain the following benefits with the proposed 30% Investment Allowance.*

The prices outlined in the table below are for illustrative purposes only to demonstrate potential tax deductions and are dependent on the laws that are actually passed, which could change from the form proposed in the current bill.*

Vehicle	Model	RRP (incl GST)*	RRP (excl GST)*	Additional tax deduction**	Tax refund / saving (at Company Tax Rate 30%)
Barina	3 dr hatch manual	\$14,790	\$13,445	\$4,034	\$1,210
Viva	Hatch & sedan	\$18,790	\$17,082	\$5,125	\$1,537
Astra	CD hatch manual	\$22,290	\$20,264	\$6,079	\$1,824
Commodore	International auto	\$34,490	\$31,355	\$9,406	\$2,822
Commodore	SV6 Sedan auto	\$41,790	\$37,991	\$11,397	\$3,419
Sportwagon	International auto	\$35,990	\$32,718	\$9,815	\$2,945
Ute	SV6 manual	\$37,490	\$34,082	\$10,225	\$3,067
Captiva	SX AWD Petrol auto	\$38,490	\$34,991	\$10,497	\$3,149
Colorado	LX 4x2 Cab Chassis petrol manual	\$26,490	\$24,082	\$7,225	\$2,167
Colorado DX 4x4 Cab Chassis turbo diesel manual	DX 4x4 Cab Chassis turbo diesel manual	\$33,490	\$30,445	\$9,134	\$2,740
Colorado LX 4x4 Crew Cab turbo diesel manual	LX 4x4 Crew Cab turbo diesel manual	\$43,790	\$39,809	\$11,943	\$3,583

* Prices are based on current Holden recommended retail prices. Dealers are free to set their own prices, which may vary. Dealer delivery and stamp duty charges also apply. Excludes metallic paint. Holden reserves the right to change these RRP's. Indicative potential tax deduction calculations are based on the Tax Laws Amendment (Small Business and General Business Tax Break) Bill 2009 introduced into Federal Parliament on 19 March 2009 and are subject to change.

What should I do now?

Contact our dealership for further details.

Also, business owners need to obtain their own independent tax advice on this matter to ensure eligibility and correct application of the legislation if and when passed.

Please note all of the above information is not to be considered tax advice and you should seek independent advice.

