

# Brambles

Mr. Matthew Flavel  
Treasury  
Treasury Building  
Langton Crescent  
Parkes, ACT 2600

26<sup>th</sup> February 2009

Dear Matthew,

## **Nation Building and Jobs Plan - Investment Allowance**

Thank you very much for the telephone conversation and your email of today.

We have now had the opportunity to read the exposure draft and express our disappointment that under the proposed legislation our company will be unable to claim the investment allowance notwithstanding that Brambles would spend significant amounts of capital each year.

As set out in our letter dated 4 February 2009, Brambles will purchase a significant number of pallets and containers over the next 2.5 years. However as each pallet / container is generally less than \$100 (eg pallets circa \$25 each) let alone \$10,000, Brambles cannot satisfy the expenditure thresholds as set out in the exposure draft.

We strongly believe that where there are purchases of homogenous assets such as pallets in excess of say \$1,000,000 over the year of income, businesses should be entitled to the investment allowance. To exclude the purchase of homogenous assets from the investment allowance will unfairly discriminate against companies such as Brambles, and potentially adversely impact upon investment and therefore jobs.

With reference to the provision (Section 40-80(2)) you referred to in your email, our suggestion to accommodate situations similar to Brambles is to allow the new investment threshold to be satisfied and hence investment allowance to apply to homogenous assets where:-

1. the cost of an asset is \$10,000 or less; and
2. you used it mainly for the purpose of producing assessable income from carrying on a business; and
3. it is part of a **set of assets** that you acquired in the income year that cost more than \$1,000,000 or
4. it is one of a **number of identical or substantially identical items** that you acquired in the income year that together cost more than \$1,000,000.

Thank you once again for your time this morning and I look forward to reviewing the updated draft legislation.

Yours sincerely



Harry Bernfield  
Regional Manager Taxation – Asia Pacific