

4 March 2009

Small Business and General Business Tax Break – Consultation
Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir

Re Tax Laws Amendment (Small Business and General Business Tax Break) Bill 2009

We act as tax agent and accountants for Flamsteed Equipment Pty Ltd (“our client”) and wish to make comment on the abovementioned draft legislation on our client’s behalf.

In particular we refer to the specific exclusion of second hand assets from the draft legislation.

As stated in previous press releases by the Treasurer, “businesses in Australia are the engine of the Australian economy and deserve direct support during a global recession”. Whilst our client applauds you for making this move to support local business, we feel that the proposed legislation overlooks a significant industry in the process.

Our client deals in the trade of second-hand earthmoving and agricultural equipment. Under the proposed legislation, our client stands to lose potentially millions of dollars in lost revenue and for a significant period of time.

We fail to understand the reasoning behind the specific exclusion of second-hand assets – particularly larger pieces of machinery and equipment which, even as second-hand assets, have a resale value in the hundreds of thousands of dollars. The industry is just as important to the Australian economy as any other industry that can benefit from the draft legislation. By specifically excluding second-hand assets in what can only be seen as an attempt to increase manufacturing of new assets, you potentially sacrifice one industry to prop up another.

Furthermore, what guarantees are there under the current draft legislation to ensure that the new assets are manufactured within Australia? If the new assets are imported from overseas, how does that benefit the Australian economy? Wholesalers and retailers of second-hand assets are purchasing from Australian based suppliers, thus helping the Australian economy, whilst retailers of new stock will, almost without exception, be importing their goods from overseas.

We would ask that serious consideration be given to removing the specific exclusion of second-hand equipment or at the very least allowing the inclusion of second-hand machinery and equipment at a slightly higher threshold than for new equipment (e.g. \$5,000 as opposed to \$1,000 for small business; \$20,000 as opposed to \$10,000 for large business).

Thank you for your time.

Yours faithfully
DC Accounting Pty Ltd

E J Toms CPA
Manager