

Small Business and General Business Tax Break - Consultation

Please include the following as a submission to the draft legislation on the above.

We operate a small public accountancy practice in Burnie in North West Tasmania. Firstly, we applaud the government for this generous tax break. It provides great incentive to business taxpayers to continue to grow and expand their business through the purchase of plant & machinery through these difficult economic times.

However, we request that the break be extended from just subdivision 40B, to cover at least subdivisions 40F as well, Water facilities. Operating in a rural area, we have a number of rural clients. Many of these have and would like to continue to invest in plant & machinery associated with water conservation. Whilst dams, trenches and windmills attached to the ground are easily regarded as capital assets and would appreciate over time, this subdivision also covers plant & machinery such as hard hose irrigators, soft hose travelling irrigators, pumps, centre pivot irrigators etc that deteriorate over time. Our clients see this machinery as the same as plant such as tractors and farm implements. Thus, there is a difficulty in understanding that some farm machinery is covered by the investment allowance, whilst other machinery that is captured by water facilities is not.

We understand that there is already a generous concession available for water conservation under the three year write off. However, small business taxpayers using the small business concessions can claim a similar size deduction for other plant & machinery acquired for their business; 15% in the first year and 30% after that compared to a three year write off for water facility assets.

Extending the investment allowance to cover plant captured by subdivision 40F will encourage business taxpayers in updating and upgrading their machinery associated with irrigation. For the business taxpayer, this is not only very good economic sense, but also is greatly assists the environment. Expenditure on better use and management of water will assist in better water management. This is very important as businesses seek to ensure the environment is less effected by their farming practices.

We have a number of business taxpayer clients looking at upgrading their irrigation machinery. An extension of this concession will provide a big incentive for them to go ahead with the purchase as it will increase the taxation benefits of doing so. We are sure there would be many others in this situation and thus expanding the scope of the allowance will no doubt assist in boosting the economy through greater sales of irrigation machinery. We trust that treasury and the government will give this submission full consideration.

Yours faithfully,
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