

9 March 2009

The Treasury  
Matthew Flavel  
Langton Crescent  
PARKES ACT 2600

Dear Matthew

**RE: Small Business and General Business Tax Break**

Thank you for the opportunity to comment on the proposed new *Division 41 – Small Business and General Business Tax Break*.

The objective of Division 41 is outlined in the exposure draft at paragraph 41-5 as providing a temporary business tax break to encourage business investment and economic activity. With this objective in mind I have concerns with paragraph 41-120(1)(e), which allows only “new investment” to qualify for the temporary tax break. I believe this limitation will adversely effect many SME operating in second hand goods.

I have many second hand clients, mostly based on the Darling Downs, ranging from car dealers to farm machinery wholesalers who all depend very heavily on the strength of local farming and business. This proposed tax break in its current form will specifically disadvantage the second hand dealers by supplying an unfair competitive advantage to other dealers selling “new investments” goods.

I’m particularly concerned about the second hand car industry where margins are already shrinking due to the current financial crisis. This “tax break” will only further decrease sales and isolate second hand dealers relying on business investment. It has also been my experience that a number of dealers are spruiking the tax break as a “tax rebate” which is grossly inflating the value of the benefit and only further isolating second hand dealers.

I firmly believe that by opening up the tax break to both new and second hand investment, this will still meet the objective of the proposed Division 41 of increases in business investment and economic activity. The benefits can flow fairly to all SME and not isolate the second hand dealers. Also, business will have a greater choice without being heavily influenced by one-sided tax benefits disadvantaging second hand dealers.

If you would like to discuss the above issue in further detail please do not hesitate to contact me.

Kind regards

Shaun Otto