



5 March 2009

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

Email: investmentallowance@treasury.gov.au

Attention: Mr Matthew Flavel (02) 6263 4382

Dear Sir,

PRONTO SOFTWARE SUBMISSION – Draft Legislation for Small Business and General Business Tax Break

We have been very disappointed that “**software**” has been explicitly excluded from the Tax Break incentive.

Pronto Software Pty Ltd makes and sells in Australia Business Systems software, specifically the PRONTO-Xi Enterprise Resource Planning suite. We have been in business for over 30 years, and have direct operations in Melbourne, Sydney and Brisbane and Resellers throughout Australia and a number of other countries.

Approximately 80% of our sales (totalling \$50 million last year) are still made in Australia and hence “software” being omitted from the incentive not only does not incent expenditure on business software, it actually negatively diverts money from sales of our product to other goods (often not made in Australia).

We directly employ 270 staff in Australia, our value chain multiplies into many thousands of people as each sale and implementation of enterprise software brings with it requirements to employ staff, consultants, train staff, and purchase servers and other IT equipment. Software is the driver of sales of hardware and services. Without the software sale the other sales and activity does not happen.

A recent BRW article about Pronto Software is attached for your reference.

Pronto Software Pty Ltd ABN 47 001 337 248

Melbourne:	20 Lakeside Drive, East Burwood VIC 3151	Tel + 61 3 9887 7770	Fax + 61 3 9887 7779
Sydney:	Level 4, Building 1, Binary Centre, 3 Richardson Place, North Ryde NSW 2113	Tel + 61 2 8875 3033	Fax + 61 2 8875 3099
Brisbane:	349 Coronation Drive, Milton QLD 4064	Tel + 61 7 3377 1177	Fax + 61 7 3377 1188

Typically our customers are mid sized corporate businesses in Australia who utilise our business software product at the heart of their business operations across a range of areas from accounting, to manufacturing, warehouse operations, and retail point of sale.

On reading of the draft legislation on the new investment allowance which was released today, "in house computer software" is excluded because it is an intangible asset. The software Pronto Software sells or licenses to our customers would be in house software - see definition in sec 995 of ITAA 1997.

We note that on all other criteria of the new allowance, software acquired within the time requirements of the legislation would have been eligible, that is, it is a depreciable asset under the normal capital allowance provisions of sec 40-25 and 40-30 of the ITAA 1997.

We request that the government policy and the draft legislation be changed to specifically allow "software" in its ordinary meaning to attract the Tax Break incentive.

Yours faithfully

Sam Page
Chief Financial Officer
Pronto Software Pty Ltd

Address / contact details:

Pronto Software Pty Ltd
20 Lakeside Drive
Burwood East, Vic 3151

M: 0419 334 945

www.pronto.com.au