



Government Announcement

February 2009

As announced by the Rudd government, low and middle income households and individuals may be entitled to as many as five \$950.00 bonuses.

These five bonuses include:

1. Tax Bonus for Working Australians

A lump-sum payment of up to \$950 will be made to eligible taxpayers from April 2009. The bonus will be available to Australian resident taxpayers who paid tax in the 2007-08 financial year after taking into account tax offsets and credits.

The bonus is subject to an income threshold test which determines that a:

- \$950 bonus will be paid to eligible taxpayers with a taxable income of up to and including \$80,000;
- \$650 bonus will be paid to eligible taxpayers with taxable incomes exceeding \$80,000 and up to \$90,000; and
- \$300 bonus will be paid to eligible taxpayers with incomes exceeding \$90,000 up to and including \$100,000.

2. Single Income Family Bonus

The Government's Single-income Family Bonus will provide an up-front, one-off bonus payment of \$950 to approximately 1.5 million families who receive Family Tax Benefit Part B (FTB-B). The bonus is intended to provide additional assistance to families with children that have one main income earner.

The payments, which will be made automatically by Centrelink in the fortnight commencing 11 March 2009, will be non-taxable and will not be counted as income for social security purposes.

The small number of families who claim FTB-B as a lump sum, will receive their one-off payments from Centrelink in 2009-10 and 2010-11 after their 2008-09 tax returns have been processed by the Australian Taxation Office.

Families who are eligible for FTB-B on 3 February 2009 will receive the Single Income Family Bonus.

3. Farmer's Hardship Bonus

The Government will provide \$20.4 million in 2008-09 for an up-front, one-off bonus payment to farmers and rural-dependent small business owners receiving exceptional circumstances related income support.

A lump-sum payment of \$950 will be made to people who, on 3 February 2009, are receiving:

- Exceptional Circumstances Relief Payment for Farmers;
- Exceptional Circumstances Relief Payment for Small Business;
- Interim Income Support for Farmers;
- Interim Income Support for Small Business;
- Transitional Income Support; or
- Farm Help Income Support.

The payments will be made in the fortnight commencing 24 March 2009. These bonus payments will not be taxable and will not be counted as income for social security purposes.

4. Back to School Bonus

The Government's \$950 Back to School Bonus will provide a one-off, up-front bonus to be paid to families eligible for Family Tax Benefit Part A (FTB-A) on 3 February 2009 for each eligible child of school age (aged 4 to 18 on 3 February 2009).

5. Training and Learning Bonus

The Government's \$511 million Training and Learning Bonus provides an up-front, one-off bonus to eligible students to assist with the costs for the 2009 academic year.

The Training and Learning Bonus consists of two categories:

Category 1

- A one-off \$950 bonus for recipients of: Youth Allowance (students and apprentices); Austudy; ABSTUDY and related payments
- The one-off bonus will also be available to recipients of Sickness Allowance and Special Benefit (under age pension age).
- If a student attracts the Government's Back to School Bonus they are not eligible for the one-off \$950 Learning and Training Bonus.

Category 2

- A temporary supplement (from 1 January 2009 to 30 June 2010) to the Education Entry Payment (EdEP) of \$950. This is in addition to the existing EdEP payment of \$208, which provides assistance with the costs of training courses, for income support recipients who are returning to study.
- A temporary extension (from 1 January 2009 to 30 June 2010) of the EdEP to Youth allowance (other); and
- A temporary relaxation (from 1 January 2009 to 30 June 2010) of the requirement that recipients must have been receiving social security payments from 12 months to 1 month.

How will I receive my payment?

Payments will be sent to the address or financial institution nominated as their preference for their 2007-08 return. You are able to change your preferred method by contacting the ATO before mid March to update your details. Please contact our office if you require assistance to change your preference.

[Click Here](#) to read Media Release for further information.

Small Business and General Business Tax Break

In addition to the five bonuses, the Rudd Government will fund an investment tax break for all Australian Businesses

To benefit from this tax break a small business must have a turnover of \$2 million a year or less. Other businesses can receive the same deductions for eligible assets greater than \$10,000.

Small businesses will be able to claim a bonus deduction of 30 per cent for eligible assets costing \$1,000 or more that they:

- acquire or start to hold under a contract entered into between 12:01am AEDT 13 December 2008 and the end of June 2009, or start to construct between these times; and
- have installed ready for use by the end of June 2010.

Small businesses will be able to claim a bonus deduction of 10 per cent for eligible assets costing \$1,000 or more that they:

- acquire or start to hold under a contract entered into between 1 July 2009 and the end of December 2009, or start to construct between these times; and
- have installed ready for use by the end of December 2010.
- minimum expenditure threshold of \$10,000 will still apply to all other businesses.

Eligible assets

The tax bonus will apply to tangible assets used in carrying on a business, for which a deduction is available under the core provisions of Division 40 (Capital Allowances) of the *Income Tax Assessment Act 1997* (ITAA 1997).

Land and trading stock are excluded from the definition of depreciating assets, and will not qualify for the deduction.

Any expenditure above the threshold used to improve any existing depreciation asset will also qualify for the deduction.

Worked example:

A landscaping business entered into a binding contract to acquire a new backhoe on 20 May 2009 at an all inclusive cost of \$60,000. The backhoe is delivered and ready for use on 20 June 2009 and has an effective life of 9 years.

The business will be entitled to claim the 30 per cent deduction because:

- *a backhoe is a depreciating asset for which the business would be entitled to claim a deduction under the core provisions of Subdivision 40-B of ITAA97;*
- *the asset exceeds the expenditure threshold of \$10,000;*
- *the business started to hold the asset between 13 December 2008 and the end of June 2009; and*
- *the asset was installed ready for use before the end of June 2010.*

The deduction will be 30 per cent of the asset's first element of cost under Subdivision 40-C – that is, \$18,000.

When lodging its 2008-09 income tax return the business will be able to claim this deduction in addition to the usual depreciation deduction in respect of the asset.

If the business had delayed this investment until after 30 June 2009 – for example, until 1 September 2009 – and had it installed ready for use before the end of December 2010, the 10 per cent rate would apply. It would be able to claim a deduction of \$6,000.

Please note the above information is a snapshot of the proposed legislation and at this point in time is still to be passed through Parliament.