

STIRLING SCOT PTY LTD

A.B.N. 84-091-567-467

Trading as:

LLOYD GLASBY-USED CRANES

4686 Old Northern Road, Maroota, 2756, Sydney, NSW, Australia

Importers & Exporters of New & Used Truck Mounted Cranes
New & Used Mini Excavators
Crawler & All Terrain Cranes

Telephone: (02) 45 668122
Facsimile : (02) 45 668155
Email : cranes@stirlingscot.com.au

06/03/09

To;
Small Business and General Business Tax Break – Consultation
Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600 email: investmentallowance@treasury.gov.au

Dear Matthew Flavel

With reference to the proposed introduction of the, 'Small Business and General Business Tax break'.

We are a small company that imports machinery from overseas, some new but mostly used.

None of the type of machinery that we import is manufactured here in Australia. All of it is sold to companies for use in their normal, everyday operations, and as such would be classed as a depreciating asset for which a deduction would be available under the core provisions of Division 40 of the, Income tax Assessment Act 1997 (ITA 1977)

The proposed guidelines in the 'Small Business and General Business Tax break' excludes any purchasers of used machinery from obtaining the 30% deduction, but allows purchasers of new machinery the 30% benefit, and gives them a significant advantage over the very people that this proposed legislation is supposed to assist, i.e.; Australians doing Australian jobs.

Below is part of the media release from the Hon Treasurer, Wayne Swan on 03/02/09 NO. 012

Small Business and General Business Tax Break

To support jobs and Australian businesses – **especially small businesses** - the Government will fund an investment tax break for **all Australian businesses**.

This temporary business tax break will help Australian businesses boost business investment, bolster economic activity and **support Australian jobs**.

Businesses in Australia – **especially small businesses** - are the engine of the Australian economy and **deserve direct support** during a global recession.

This \$2.7 billion Business Tax Break is a key element of the Government's \$42 billion Nation Building and Jobs Plan to support up to 90,000 Australian jobs.

I would like to give a couple of examples of how this proposed new tax break will work in our industry.

Example A

A company buys a new Crane for \$60,000, before June 30th 09.

They obtain a 30% tax benefit.

This Crane would have been manufactured overseas (none are made in Australia) and imported into Australia as a complete unit. The work required to sell that unit here, is minimal.

The company buying the Crane, enjoys the tax benefit. The company selling the Crane enjoys a profit which in turn goes to the manufacturer overseas.

Example B

A company buys a reconditioned used Crane for \$30,000, before June 30th 09.

They do not obtain a 30% tax benefit.

This Crane would have originally been manufactured overseas but reconditioned for sale locally, in Australia.

It would have gone through several stages of reconditioning, all of which would have needed Australian labor and parts purchased from Australian companies. The profit for the seller also stays in Australia.

The proposal for extra tax breaks for companies that purchase machinery for their everyday operations is a good incentive, but why exclude the very people that want to expand their business, but cannot afford the cost of new equipment.

As I have said previously, we import and sell used and new machinery. If we only imported new equipment we would need very few staff and not have any need to employ the many people that we do, to work on our used equipment. For us this includes, Fitters, Mechanics, Electricians, Painters etc, and the many thousands of dollars worth of spare parts that they use.

So far this year we have already had several cancelled sales, with those customers opting not to do anything but to, 'sit back and see what happens'

If this continues then we will have to look at reducing our workforce, something that we desperately do not want to do.

I have spoken to many people in similar industries to us. They also have the same problems. Also I have spoken to the people who supply our customers with the appropriate funds needed to continue to grow their businesses. They all agree that allowing the 30% tax break on new machinery, but not used machinery is an anomaly in the proposed legislation that should be addressed.

Yours faithfully
Robert Greatrix
(Company owner)