



## What's in the 2009-10 Budget for Small Business?

### Nation Building for Recovery

The 2009-10 Budget is a nation building Budget for economic recovery. The Budget supports jobs and small business today by building the infrastructure Australia needs for tomorrow.

In the absence of the Government's Budget and stimulus packages, Commonwealth Treasury says up to 210,000 Australians would be out of work.

Since last year's Budget, taxation receipts have been revised down by around \$210 billion. This represents a loss of almost one in every five dollars of taxation revenue.

Despite this, tough savings have been made in the Budget to deliver the lowest net debt of all major advanced countries.

Small businesses are the backbone of the Australian economy, being responsible for around half of all private sector employment. The Government understands that small businesses are often the first to feel the effects of a downturn.

As a further demonstration of the Rudd Government's strong commitment to small business, the Budget provides more than \$500 million in small business incentives and support.

### Small Business Tax Break

To provide extra incentive for small business, the Small Business and General Business Tax Break will be increased from 30 per cent to 50 per cent and extended to the end of 2009.

Small businesses can claim a 50 per cent tax deduction for eligible assets costing more than \$1,000 acquired from 13 December 2008 until 31 December 2009, and installed ready for use by 31 December 2010.

This is up from 30 per cent announced earlier this year and extends the period of eligibility by six months.

To benefit from this Tax Break a small business must have a turnover of less than \$2 million a year.

### Research & Development Tax Credit

The incentive for small businesses to undertake research and development will be doubled for most small businesses under the new \$1.4 billion R&D Tax Credit.

The R&D Tax Credit will be in the form of a 45 per cent refundable credit for firms with an annual turnover of less than \$20 million.

As an interim measure the expenditure cap on eligible R&D that can be claimed under the existing R&D Tax Offset for small firms in tax loss will be increased from \$1 million to \$2 million for the 2009-10 financial year at a cost of \$65 million.

### Small Business Support Line

Small business owners have told the Government they need extra advice during the global recession. The Small Business Support Line will act as a launching pad for small business owners seeking specialist advice in areas such as obtaining finance, cash flow management, retail leasing, personal stress and hardship counselling and marketing.

Support line advisers will link into the nationwide network of Business Enterprise Centres and other small business advisory services around Australia.

### Small Business Online

The roll-out of the National Broadband Network will provide enormous opportunities for small business to operate online, reduce costs and improve their marketing and customer research.

Under the Small Business Online program, funding will be provided to eligible organisations to assist small businesses to go online, improve their web facilities and engage in e-business.

### Commonwealth Commercialisation Institute

A \$196 million revolutionary new Commercialisation Institute will support Australia's best new firms to realise their potential and help keep home-grown ideas and jobs right here in Australia.

**\*\*STOP PRESS\*\* Small Business Tax Break has now been passed into law!**

**Export Market Development Grants**

The Government has delivered an extra \$50 million to ensure that an estimated 1,800 small and medium sized exporters will receive a much-needed funding boost when their Export Market Development Grants are paid in full in 2008-09.

**PAYG Cash Flow Relief**

The Budget provides \$720 million in PAYG cash-flow relief in 2009-10 for over 1 million small businesses who pay quarterly PAYG instalments based on their previous year's tax adjusted by GDP growth. The Government has reduced the GDP adjustment factor for calculating quarterly instalments from around 9 per cent to 2 per cent.

**Rural Small Businesses**

There will be a 12 month extension of Exceptional Circumstances assistance for farm-dependent small businesses. This continues the \$20,000 non-business salary and wages exemption for Exceptional Circumstances Relief Payments and the \$750,000 non-business asset exemption for the Exceptional Circumstances Interest Rate Subsidy.

**Strategic Compliance — Supporting Businesses and Other Taxpayers in Financial Distress**

The Government will provide \$100 million over four years to the Australian Taxation Office to assist small businesses and other taxpayers experiencing financial distress to remain viable and stay engaged in the tax system.

**Global Supply Chain Opportunities**

The Government will provide \$15.3 million over four years from 2009-10 to assist Australian small and medium enterprises to compete for domestic and international Defence contracts.

**Fair Work Australia — Information and Education**

The Budget provides \$14.3 million over two years for information and education activities to support the introduction of the new workplace relations system.

**Rural and Regional National Broadband Network Initiative — Rural NBN Coordinators**

The Government will provide \$5.0 million over four years to support up to 12 regional coordinators to help local governments, community organisations and businesses to take up broadband in regional communities.

**Innovation Investment Follow-on Fund**

The Government will provide up to \$83.0 million from the Innovation Investment Fund Revolving Fund to provide a targeted temporary response to the reduced access to venture capital currently being experienced by early stage innovative Australian companies as a result of the global financial crisis.