



NATIONAL BUILDING AND JOBS PLAN - FEBRUARY 2009

## NATIONAL BUILDING AND JOBS PLAN – HOW DOES IT IMPACT YOU?



***The Federal Government's second stimulus package announced as a \$42bn Nation Building and Jobs Plan has been proposed with the intention of providing immediate stimulus for jobs and growth in Australia.***

The fundamental component of the Plan is a one-off Tax Bonus cash payment of up to \$950 for eligible families, single workers, students, drought affected farmers and other individuals. Other key components of the Plan include:

- Temporary extra capital allowance tax deduction for businesses;
- Increased funding for local community infrastructure;
- Increased funding for local road projects;
- The installation of ceiling insulation in 2.7 million Australian homes;
- Initiatives to build more than 20,000 new social and defence homes; and
- To build or upgrade buildings in every Australian school.

This is only proposed legislation at this stage.

The package was passed in the lower house on 5 February 2009. However the Coalition have opposed the Plan and accordingly the decision will rely on the support of the minor parties and independents in order to get the Bills passed in the Senate. The delay caused as a result of the upper house debate will mean the deadlines set for bonus payments (as early as March 2009) is now unlikely to be met.

### **Tax Bonus for Working Australians**

Eligible taxpayers will be those who paid tax in the 2007-08 year of income after taking into account available tax offsets and credits; who had a taxable income of \$100,000 or less and who have lodged their 2007-08 return by 30 June 2009. Special rules will apply to limit the entitlement of children to the Bonus.

Eligible taxpayers will receive:

- \$950 where their taxable income is up to and including \$80,000;
- \$650 where their taxable income exceeds \$80,000 and does not exceed \$90,000; or
- \$300 where their taxable income exceeds \$90,000 and does not exceed \$100,000.

### **Small Business and General Business Tax Break**

- Small businesses will be eligible to claim a 30% deduction for eligible assets costing over \$1,000 acquired between 13 December 2008 and 30 June 2009 provided the asset is installed by 30 June 2010. Assets held under a contract entered into between 13 December 2008 and 30 June 2009, or assets begun to be constructed between these times, and installed ready for use by the end of June 2010 will also qualify.
- A small business taxpayer is a business taxpayer with an aggregated group turnover of less than \$2 million per annum. The aggregated group turnover includes the turnover of all related entities.
- For eligible assets costing in excess of \$1,000 which are acquired between 1 July 2009 and 31 December 2009 small businesses can claim a 10% deduction provided the assets are installed by 31 December 2010.
- Basically, eligible assets will be tangible assets used in carrying on a business for which a deduction is currently allowed under the uniform capital allowance provisions. The temporary deduction is in addition to the usual capital allowance deduction able to be claimed for the asset.

- Other businesses (i.e. those that do not meet the 'small business' definition) can receive the same deductions for eligible assets greater than \$10,000.
- It has been announced that draft legislation to implement these allowances will be released for public comment toward the end of February.

### **Household Stimulus Package**

The package will provide for household stimulus payments of \$950 as follows:

- a single income family bonus;
- a back to school bonus;
- a training and learning bonus (including an education entry payment supplement); and
- a farmer's hardship bonus.

There are also provisions to qualify certain individuals who receive Family Tax Benefit ("FTB") Part A, who are not entitled to a back to school bonus, but have children aged between 21 and 24 who are full-time students, to receive the training and learning bonus.

#### *Single Income Family Bonus and Back to School Bonus*

The single income family bonus of \$950 will be available for a family that is entitled to FTB Part B as at 3 February 2009, regardless of the age of the children. The back to school bonus of \$950 will be available for each FTB child in a family aged 4 to 18 who attracts FTB Part A as at 3 February 2009. If the FTB as at 3 February 2009 is shared between 2 people under the usual rules for that payment, the relevant new lump sum payment will be similarly shared.

#### *Training and Learning Bonus*

The Training and Learning Bonus will provide a lump sum payment of \$950 to assist with costs in the 2009 academic year to those who, on 3 February 2009, are recipients of:

- Youth Allowance (student and apprentices), Austudy or Abstudy;
- Payments under the Veterans' Children Education Scheme;
- Payments under the Military Rehabilitation and Compensation Act Education and Training Scheme; or
- Families entitled to Family Tax Benefit Part A (FTB-A) for each eligible dependent student aged 21 to 24 years on the date of announcement. Dependent 19 or 20 year old children who attract FTB-A and are full-time secondary or tertiary students in approved courses will be eligible for a \$950 payment upon application to Centrelink.

### *Farmers Hardship Payment*

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

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

The Bills will commence upon Royal Assent and payments are proposed for March 2009 however due to opposition from the Coalition this date now seems unlikely. With the exception of certain Training and Learning Bonuses, the payments will be automatic and as such, taxpayers will not need to apply for the payments.

### **Energy Efficient Homes**

In an initiative to both stimulate the economy and to improve the energy efficiency of Australian homes, the Government will meet the costs of installing ceiling insulation up to a cap of \$1,600 per home for homes that are owner-occupied and not currently insulated. As an interim arrangement until 30 June 2009, eligible owner-occupiers who install ceiling insulation in their homes will be able to seek a reimbursement (up to \$1,600) after the program commences on 1 July 2009.

In addition, the existing \$500 rebate to owners of private sector rental homes towards the cost of installing insulation under the Low Emission Plan for Renters program will be increased to \$1,000.

The existing solar hot water rebate will also be increased from \$1,000 to \$1,600 for solar and heat pump hot water systems that replace electric storage hot water systems in established homes. The hot water system must be installed in the applicant's principal place of residence.

Eligible households will be able to choose either the insulation rebate or the rebate for solar and heat pump hot water systems. Households who have already received the existing \$1,000 rebate for solar hot water systems may be eligible for the insulation component of the program.

If you have any queries, or would like advice in relation to any matters relating to any of the above, please contact either Michelle Saunders or Marissa Bechta on (08) 6311 6900.

**cooper  
partners**

Taxation Specialists and Business Advisory

Level 6, London House, 216 St Georges Terrace  
Perth WA 6000  
PO Box 7027 Cloisters Square Perth WA 6850  
t 08 6311 6900 f 08 6311 6999  
enquiries@cooperpartners.com.au  
www.cooperpartners.com.au

This information is general advice only and neither purports, nor is intended to be advice on any particular matter.

No responsibility can be accepted for those who act on the contents of this publication without first contacting us and obtaining specific advice