



RUDD'S REFORMS – A QUICK GUIDE

Whatever your political persuasions, it's hard to deny that Kevin Rudd has been busy. In fact some small business owners are starting to get confused: many Performance Group Members have been asking what exactly has changed and how does it affect me, and my business. Here is a quick guide on the latest government initiatives:

NAME: ECONOMIC STIMULUS PACKAGE DATE INTRODUCED: FEB 09

Governments around the World are responding to the financial crisis with various relief packages, and the latest has come from our own Government. The specifics as they relate to small business are:

Turnover less than \$2m pa:

- There is a 30 percent tax deduction for small businesses that buy eligible assets costing more than \$1000. Purchases must occur between 13th December 2008 and 30th June 2009, and installation by 30th June 2009.
- A 10 per cent deduction is applicable if the purchase or installation is made after 1st July 2009.

Turnover greater than \$2m pa:

- Same deductions as above, but eligible asset must be greater than \$10,000.

Note: "eligible assets" are defined in the Tax guidelines, but they are generally "capital items". Land and trading stock are not eligible.

There are also indirect projects which may benefit individual businesses. For instance:

- Schools: build new infrastructure with 500 new science and language laboratories and up to \$200,000 for every school for maintenance.
- Houses: ceiling insulation is offered for 2.7 million households
- Social and Defence: construct 20,000 new houses

- Safety: 350 Black Spot projects on roads and installation of 200 railway boom gates
- Over 9 million middle and low income earners



to receive cash handouts of up to \$900 each.

How does it affect you?

The greatest beneficiaries are the small businesses who were intending to make significant asset purchases in the next year or so. The Government particularly wants owners to bring forward their spending, so it all happens before 1st July. Clearly the building and construction sectors are cheering, with one Ceiling Insulator commenting that he expects his business to double.

The aims of the Package are to stimulate the economy by encouraging spending and preventing layoffs. Many Performance Group members reported increased spending after the December economic strategy payments, only time will tell if this second round of government hand out is enough to save jobs and businesses from the uncertain economic climate ahead, and Australia from a lengthy recession.

For more information visit:

www.pm.gov.au/media/Release/2009/media_release_0782.cfm

FAIR DISMISSAL CODE

DATE TO BE INTRODUCED 1 JUL 09

At a recent Performance Group meeting the question was asked 'Has the Government's new employee relations legislation made it harder to dismiss poor performing staff?' The simple answer is yes, however in realistic terms the legislation will not have any

negative effect as long as you understand and follow the new Code.

Previously, under Work Choices, employees in business with up to 100 employees could be dismissed for any reason without any right to challenge. The Fair Dismissal Code applies to small business employers with fewer than 15 employees. Employees of these businesses cannot make a claim for unfair dismissal in the first 12 months following their engagement. If an employee is dismissed after this period they have the right to lodge an appeal for unfair dismissal. However if the employer has followed the Code then the dismissal will be deemed to be fair.

Employees who have been dismissed because of a business downturn or their position is no longer needed cannot bring a claim for unfair dismissal. However, the redundancy needs to be genuine. Re-filling the position with a new employee is not a genuine redundancy.

As you can see there is no change if the employee has been with you less than a year. If they have been with you longer than a year then you need to ensure you follow the code, which includes completing a checklist when looking to dismiss an employee.

For further information, and to download the checklist visit:

www.workplace.gov.au/NR/rdonlyres/A475B3F0-2238-4247-A904-F02F2628E679/0/WRfactsheet_09.pdf

PAYG INSTALMENT REDUCTION FOR SMALL BUSINESS

DATE INTRODUCED: 12 DEC 08

To help small businesses (with a turnover of \$2m or less) weather the global financial crisis, the Australian Government recently announced that it would reduce by 20% the quarterly pay as you go (PAYG) instalment due for the December 2008 quarter. For some small businesses this

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