

March 4, 2009

Small Business and General Business Tax Break – Consultation
Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600
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Dear Sir / Madam

INVESTMENT ALLOWANCE

We respectfully request that the Federal Government include computer software as an eligible expense for the purpose of the recently announced Investment Allowance.

An investment in business software, such as the retail management software we develop for Australian small business newsagents, gift shops, bike retailers and jewellers, is a sound investment in one's retail business and economically valuable for Australia.

Software is a key factor today in **business performance, competitiveness and productivity improvement**. Without software, computer equipment is useless.

We submit that explicitly excluding business management software is unfair against software companies developing the tools with which businesses pursue valuable economic benefits.

Software companies are as challenged as other businesses in the current economic climate. I have heard of companies experiencing sales downturns of 75% and more. Such a decline in business is unsustainable.

Including software in the list would demonstrate to business and the community the Government's commitment to developing smart and competitive businesses. Using the investment allowance, the government can encourage businesses, particularly small businesses, to improve productivity and competitiveness by investing in business software.

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Good software is as useful to a small business retailer as a truck may be to a farmer or a jackhammer may be to a miner.

That software cannot be touched or felt does not diminish its value to those who use it.

The investment allowance, if available, could drive business software sales and help new customers considerably improve their businesses.

The flow-on effect for the economy of more businesses embracing up-to-date technology, particularly among small business retailers, would be significant for the businesses concerned and for the broader Australian economy.

In summary:

- Software companies need Federal Government support as much as equipment manufacturers and their sales organization.
- Small business retailers need support from the Federal Government to encourage investment in more efficient and competitive businesses.
- Excluding software from the investment allowance sends a message to the community that being IT smart in business is not important to the government.

I would welcome an opportunity to present a submission personally should such an opportunity arise.

Tower Systems serves 1,500 newsagents and 1,000 other small businesses with retail management software.

We are a wholly Australian owned company and have been in business since February 1981, always serving small business retailers.

Our retail management software helps small business retailers run more efficient businesses, increase sales and make better quality business decisions.

From the back office to the front counter, we provide a whole-of-business Australian developed solution designed specifically for Australian newsagents, gift shops, jewellers and bike retailers.

A retailer installing our retail management software will:

- **Increase sales:** thanks to easier and more accurate selling, suggested up-sell opportunities, easier management of stock, robust retailer to supplier links and provision of access to a host of electronic products direct from the point of sale.
- **Reduce costs:** by eliminating many mistakes, automating many manual processes and helping retailers focus on the profitable parts of their businesses.
- **Make better decisions:** thanks to easy access to accurate business performance reports, cultivating business performance analysis around standards KPIs of return on investment, stock turn and return on floor space.

These benefits are also delivered by many other Australian software products – benefits which are important to the businesses acquiring the software and the economy more broadly. It is for this reason that we write today to request that the Federal Government include software as an eligible expense for the purposes of the Investment Allowance.

Sincerely,

Mark Fletcher

Managing Director

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