

## Article Information

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## The 2015 Budget and Crowd-Sourced Equity Funding

**On 12 May 2015 the Federal Government released its budget for the 2015-16 financial year and has included a number of key measures that will benefit small businesses, start-ups and the crowd sourced equity funding (CSEF) space. The Federal Government's attention on the area is promising, given the imminent introduction of legislation governing CSEF.**

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### Attention on Crowd Sourced Equity Funding

- The Government announced it would put \$7.8m (over four years from 2015-16 financial year) into implementing and monitoring a regulatory framework to enable CSEF within Australia.
- \$2.6m in funding has been allocated for the 2015-16 year.
- Currently, it is likely that legislation concerning CSEF will be introduced into Parliament between August and October this year. The allocation of funding and imminent regulatory framework is one of the strongest signs of Government support for CSEF thus far.

### Tax Cuts for Small Business

- Companies with an annual aggregated turnover of less than \$2 million will be subject to a lower tax rate of 28.5%, effective from the 2015-16 financial year.
- Similarly, individual taxpayers with business income from an unincorporated small business entity will be eligible for the "small business tax discount" which will be 5% of income tax payable on the income received.
- This measure will hopefully improve cash flow and assist growth in the integral early stages of start-ups when finances are often limited.

### Upfront asset deduction and assistance for start ups

- The Government announced a temporary increase to the accelerated depreciation rules.
- The announced measures will allow businesses with a turnover of less than \$2m to claim immediate deductions for each asset costing less than \$20,000 which is acquired between now and 30 June 2017.
- New start-up businesses will be allowed to immediately deduct 'start-up costs' from the 2015/2016 income year. Start-up costs include professional, legal and accounting services associated with starting a small business. No cap on this initiative has been announced.
- It is important to note that the Government did not define 'start-up' when announcing these measures.

### CGT Rollover Relief

- From 1 July 2016, small businesses (businesses with annual turnover less than \$2m), will have CGT roll-over relief available for restructures.
- Whilst little detail was provided, we anticipate that the measure will apply to sole traders that adopt a trust or partnership structure or where a company adopts a trust structure. Currently, relief is only available where a sole trader or trust adopts a company structure.

It is clear that the Government is aware of the interest and demand for alternative finance solutions in Australia. The government sees a clear necessity to assist alternative forms of financing and entrepreneurship for the benefit of Australian businesses and the Australian economy.