



New Tax Changes to Kick Start Computer Technology Spending Take Advantage of Unprecedented Canadian Budget Tax Changes

On January 27th, Federal Finance Minister Jim Flaherty announced stimulus measures intended to increase Canada's productivity by jump starting Canadian business' investment in computers.

The proposed tax measures will allow you to fully expense your investment in computers in just one year. By effectively reducing the cost of computer ownership, businesses will now be able to immediately acquire the technology they need to keep them competitive in today's challenging economic environment. Customers that may have postponed or reduced their planned investment in infrastructure have a strong incentive to make purchases today and are encouraged to take advantage of this significant opportunity to strengthen their businesses.

Specifically, the government has proposed the following:

- A temporary 100% Capital Cost Allowance (CCA) depreciation rate for eligible computer hardware and software acquired after January 27, 2009 and before February 1, 2011
- The rule that restricts CCA deductions to one-half of the CCA write-off otherwise available in the first year will not apply to these computers.
- Eligible assets will include new computer equipment and software described in Class 50 that is:
 - situated in Canada; and
 - acquired for use, or leased for use, in a business carried on in Canada or for the purpose of earning income from Canadian property.

The CCA system determines how much of the cost of an asset a business is eligible to deduct each year on their taxes. Typically, the government sets these rates so the capital cost of an asset is deducted over the useful life of the asset. Budget 2009 proposes a temporary increase in the CCA rate for computers to provide economic stimulus and assist Canadian businesses to improve productivity. The multi-year depreciation cycles for computers have temporarily been reduced, allowing full depreciation of these assets in the year of purchase. Business in all sectors of the economy will benefit from this incentive.

We encourage you to immediately act on this exciting opportunity to build your business and take advantage of this rare tax incentive. Computrek looks forward to supporting your efforts and will assist you in any way possible.