



DIGITAL ECONOMY STRATEGY

A top 10 digital economy and society by 2030

SME Digitalisation

Lifting digital capability and adoption across the economy can support Small-to-Medium Enterprises (SMEs) to work and do business in new ways, increasing profitability and saving time.

The Digital Economy Strategy is supporting Australian businesses with:

- **\$1 billion** for the **Technology Investment Boost** to support small business digitalise their operations, through a bonus tax deduction
- **\$12.7 million** to provide independent advice to Australian small businesses to help them build their digital capabilities through the **Digital Solutions – Australian Small Business Advisory Services program**
- **\$15.3 million** to **enhance the value of electronic invoicing** to help businesses reduce costs and increase productivity.

These investments build on the Government's almost \$800 million investment in the **Digital Business Plan**, which is helping businesses to use digital technologies to grow and create jobs as part of Australia's economic recovery.


It also complements the **Digital Business-to-Business (B2B) Partnerships Initiative** that will leverage the trusted relationships that Australia's corporate sector has with SMEs to promote the adoption of, use of and access to digital products and services.

Technology Investment Boost

Budget 2022-23

The Government is providing \$1 billion to support small business digitalise their operations with a new bonus tax deduction. Businesses with an aggregated turnover below \$50 million per annum will be able to deduct an additional 20 per cent of the cost incurred on business expenses and depreciating assets that supports their digitalisation. This will encourage businesses to invest in new laptops, improve cyber security, design a new website or adopt new software services.

The bonus deduction applies for expenditure incurred between 29 March 2022 until 30 June 2023 and in relation to qualifying expenditure up to \$100,000 per annum. Expenditure above this amount will continue to be able to be deducted in accordance with the existing law.



This additional incentive for small businesses to invest in digital technology is complemented by the Government's \$550 million skills and training boost. This measure will encourage small businesses to invest in the skills of their employees or train new ones, including in the use of new digital technologies adopted by the business.

Supporting Small Businesses to Digitalise

Rock N Roll is a small business company specialising in the sale of music memorabilia from the 50s and 60s. Though having operated through a physical store since its establishment in the early 2000s, throughout the pandemic Rock N Roll came to rely more and more on online sales. Keen to enlarge its online presence and expand into new markets, Rock N Roll purchases new computer hardware, revamps its website and invests in a new digital marketing strategy, at a total cost of \$30,000. Under the Government's Technology Investment Boost, Rock N Roll can claim an additional \$6,000 in deductions – for a small business like Rock N Roll, that's an additional \$1500 to invest elsewhere.

Illustrative Example

Expanding and Enhancing the Digital Solutions program

Budget 2021-22

While small businesses are increasingly digitally capable, many Australian small businesses can benefit from the economic and productivity advantages that digital tools offer. The Government invested \$12.7 in the 2021-22 Budget to provide 17,000 small businesses with access to low cost, high quality advice on a range of effective digital solutions.

This will enable more small-businesses to digitally transition to operating in a digital economy, which will directly benefit business operations, lift their long-term productivity and help them protect against cyber security threats. Interested small businesses should reach out to their local Digital Solutions provider at business.gov.au/digitalsolutions or by calling 13 28 46.

The Digital Solutions program will also undertake a pilot to test the demand for services in the not-for-profit sector. This will target 200 not-for-profit organisations that are commercial in nature, including Indigenous organisations to help them deliver services more effectively and better support communities in need.

Towards 2030: Going digital

Sip N Taste operates gourmet food and wine tours in Tasmania. When lockdowns and public restrictions came into place during COVID-19, they had to reimagine their business. They signed up to the Digital Solutions program and took part in social media and small business software workshops where they learnt about digital marketing, video conferencing and the benefits of adopting e-commerce software to enable online bookings. By implementing these digital tools, Sip N Taste was able to promote their business on social media platforms and run virtual tours.

This allowed Sip N Taste to continue operating by pairing online tours with delivery of tasting samples to consumers and expanding its customer base beyond the normal face-to-face expectations for the industry. Sip N Taste has increased revenue through online subscribers from all over the world and is bringing alive Tasmanian food and wine produce in new and innovative ways.

Illustrative Example



Enhancing the value of electronic invoicing

Budget 2021-22

Following the commitment in the Digital Business Plan to make e-Invoicing mandatory for government agencies by July 2022, the Government is investing \$15.3 million to increase awareness of the value of e-Invoicing for business and increase adoption.

It is estimated that Australian businesses exchange over 1.2 billion invoices each year. Around 90 per cent of invoices remain labour-based, even though e-Invoicing can save both businesses up to \$20 in cost savings per invoice. E-invoicing also improves payment times for businesses, particularly SMEs.

This funding will support the Treasury and the Australian Peppol E-Invoicing Authority (ATO) to improve business e-Invoicing awareness and adoption, including through:

- working with payment providers (for example, EFTPOS, Visa, Mastercard and New Payments Platform Australia) to integrate e-Invoicing into the main payment methods used by business to help businesses get paid faster
- educational activities to raise business awareness
- supply chain pilots with large businesses to gain insights and drive adoption across supply chains
- continuing to work with states and territories to extend public sector e-Invoicing adoption
- further consultation on potential regulatory and non-regulatory ways to accelerate e-Invoicing adoption.