



**ARTS MANAGEMENT**

# AUTUMN 2009

## NEWSLETTER

Welcome to our Autumn 2009 Newsletter. We hope you find the information useful and timely.

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*Adam Micmacher - Director*

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*Paulette Bryant - Office Manager*

## SYDNEY NEWS:

We would like to announce that Michael Zillig has been appointed a director of Lowensteins Arts Management. His expertise in many areas of taxation combined with his previous years of experience should be of valuable assistance to our clients.

## IMPORTANT LODGEMENT DATES FOR APRIL JUNE 2009 FINANCIAL QUARTER

- 28 April 2009 Quarterly activity statements due for quarter 3, 2008-2009 (if lodged by the client).
- 12 May 2009 Quarterly activity statements due for quarter 3, 2008-2009 (if lodged by the tax agent).
- 15 May 2009 Income tax return for all other entities not required earlier, including Superannuation Funds.
- 26 May 2009 Fringe Benefits Tax return.
- 5 June 2009 Income tax return for individuals, partnerships, and trusts with an extension granted beyond the 15 May 2009.
- 30 June 2009 Deadline for Individual Tax Returns for the 2007/2008 Financial Year to be eligible for the Household Stimulus Package.
- 30 June 2009 The end of 2008 / 2009 Financial Year.
- We advise all our clients to make an appointment with us between now and the middle of June 2009 regarding End of Financial Year Advice.

## TAX RATES FOR 2008 / 2009

| <b>Taxable Income</b> | <b>Tax on this Income</b> |
|-----------------------|---------------------------|
| \$1 - \$6,000         | Nil                       |
| \$6,001 - \$34,000    | 15%                       |
| \$34,001 - \$80,000   | 30%                       |
| \$80,001 - \$180,000  | 40%                       |
| \$180,001 and over    | 45%                       |

## HOME SAVERS ALLOWANCE

A first home saver account is a savings account designed to offer a simple, tax-effective way of saving for the first home through a combination of government contributions and low taxes.

It's a special purpose account (and not a normal everyday account), because you have to keep the money there for a minimum period of 4 years. Once that time has passed and you make the decision to buy your home, you have to withdraw all the money at once and close the account.

The advantages of a first home saver account over a normal account are that government contributions add to your savings, and withdrawals are tax-free. Earnings on the first home saver accounts are taxed at 15% but this must be paid by the account provider. You can also make personal contributions at any time for example, from your pay, a tax refund or an inheritance.

## INVESTMENT ALLOWANCE

The government has announced an investment tax break for businesses.

The tax break, in the form of an investment allowance, will provide an additional tax deduction of 30% of the cost of eligible new depreciating assets acquired under a contract, or started to be constructed, after 12:01 am on 13 December 2008 and before the end of June 2009; installed and ready for use by the end of June 2010.

It will also provide an additional tax deduction of 10% of the cost of eligible new depreciating assets acquired under a contract, or started to be constructed, between 1 July 2009 and 31 December 2009, and installed ready for use by the end of December 2010.

For both periods, small businesses will be able to claim the deduction for eligible assets costing \$1,000 or more. Small businesses must have a turnover of less than \$2,000,000 per annum to qualify. For other businesses, a minimum expenditure threshold of \$10,000 applies. New expenditure on existing assets may also qualify.

# HOUSEHOLD STIMULUS PACKAGE

If you earned less than \$100,000 in the 2007/2008 financial year and paid tax you could be eligible to receive a bonus payment of up to \$900. Payments start from early April 2009 and are tax free. If

you have already lodged your 2007/2008 tax return, the Tax Office will automatically calculate your eligibility and entitlements, and send your payment to you.

Your payment will be deposited into the bank account you nominated in your 2007/2008 tax return or sent as a cheque to the address on that return. You must lodge your 2007/2008 tax return by 30 June 2009 to be eligible.

For those in the receipt of a Centrelink Allowance, the payment will be made directly into your bank account.

## EDUCATION TAX REFUND

The Education Tax Refund (ETR) is a new government initiative to help with the cost of educating primary and secondary school children. It means eligible parents, carers, legal guardians and independent students could get 50% back on some education expenses. This includes items like computers, educational software, textbooks and stationery.

Most people are eligible for the ETR because they receive Family Tax Benefit (FTB) Part A. However, there are some payments that prevent you from receiving FTB Part A, but which still entitle you to receive the refund.

You can claim the ETR each financial year for children in primary and/or secondary school, or if you are an independent student. You will be able to claim the refund from 1 July 2009 for the 2008/09 financial year. This means you can claim for items purchased from 1 July 2008. Remember to keep your receipts as they will help you calculate your entitlement and you may be required to produce them as proof of purchase.

**Please refer to the ATO website for full eligibility and a list of eligible expenses**

## PENSION DRAWDOWN RELIEF

The Government has announced that it will temporarily suspend the minimum drawdown requirements for account-based annuities and pensions for the second half of the 2008-2009 income year (i.e. 1 January 2009 to 30 June 2009). That is, pensioners are only required to drawdown half of the minimum pension payment for this income year.

Pensioners who already have taken half of their minimum payment for 2008-2009 will not be required to do a further drawdown until the 2009/2010 income year. In broad terms, minimum payments are determined by age and the value of the account balance at 1 July each year.

If you would like to find out whether this measure is of potential benefit to you, and for any other measures listed here, contact us for further information.

# SOME ADVICE FROM TOM LOWENSTEIN

## REGARDING WILLS AND ESTATES

Over the past few years, I have been confronted with numerous problems in my capacity as Executor, mediator, and / or advisor to Deceased Estates. Many of the problems that occurred arose from homemade Wills, and sometime from Wills prepared by lawyers. In some instances, it was impossible to carry out the wishes of the Deceased due to technical / legal reasons or as a result of lawyers who had not been properly briefed by the accountants as to the financial situation of the client. In other instances, problems arose when properties left to beneficiaries were not actually owned by the Deceased but instead belonged to a company or a Trust. There were also some situations where the assets left in the Will no longer existed, or had already been gifted during the Deceased's lifetime.

When preparing a Will the most important aspect is that both your accountant and your solicitor are consulted and are fully aware of your assets and their location. In the first instance you should consult your accountant and obtain a comprehensive list of your assets and liabilities, including the date that the assets were acquired, as there could be possible Capital Gains Tax implications. You should also ask your accountant to prepare a chart of your business structure and to provide your solicitor with copies of Trust Deeds and company documentation, to establish in what way the control of these entities is exercised.

It is also necessary for you to prepare a comprehensive list of your beneficiaries, including children by previous marriages or others who could claim to be your dependents. Ideally, you should meet with your accountant and solicitor as a part of the preliminary discussion to ensure that they communicate with each other and are fully informed of your circumstances.

In case of artists where a large part of their estate is in the form of artworks, special considerations need to be addressed.

If you would like to find out more regarding the financial implications of making a Will and Estate planning, contact us for further information regarding this article.

### **DO WE HAVE YOUR CORRECT EMAIL ADDRESS?**

**As from the next issue, we will be sending out our newsletters by email.**

**If you prefer to receive our newsletters by regular mail, please contact our office by phone, fax, or email, and we will alter your preferences accordingly.**

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### **IMPORTANT**

**This is not advice. Readers should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Changes in legislation may occur quickly. We therefore recommend that formal advice be sought before acting in any of the areas covered in this letter.**

**Lowensteins**  
ARTS MANAGEMENT