



ARTS MANAGEMENT

## MEDIA RELEASE

### ATO CONFIRMS INVESTMENT ALLOWANCE FOR ARTWORKS

Lowensteins Arts Management CPAs has now received advice from the ATO confirming that small businesses (turnover <\$2m) are eligible to receive an investment allowance of up to 50% on the purchase of artworks up to 31 December 2009\*.

The specialist arts accountancy firm sought this advice in June by putting forward a number of guidelines that they believed would enable artworks to be claimed under the new allowance.

One of the most important of these was that the allowance should only apply to NEW artworks created by professional artists registered with an ABN or a recognised overseas artist.

Lowensteins argued that an art-enhanced work environment can generate greater productivity and that there is a causal relationship between businesses displaying artwork and the income of their clients.

Among the guidelines accepted by the ATO to qualify for the allowance are:

1. artworks are used in Australia primarily for business purposes (artwork would not qualify if its exposure were limited to only its owner);
2. artworks must be tangible; therefore excluding digital art and
3. artworks can not be trading stock, or intended for sale in the foreseeable future.

The following examples utilise straight-line depreciation.

- Before the investment allowance, under division 42-500, the division only provided for a write off over 100 years.

Artwork purchased for \$20,000 (net of GST)  
Depreciation \$ 200 equates to the tax deduction available.

- Utilising the investment allowance for a small business (<\$2m)

Artwork purchased for \$20,000 (net of GST)  
Depreciation \$ 200  
Investment Allowance \$10,000  
\$10,200 equates to the tax deduction available.

If you would like further information, please contact Lowensteins Arts Management at either of their offices in Sydney and Melbourne on the numbers below.

\* Applies to assets purchased from 13/12/08 to 31/12/09. For businesses with turnover >\$2m, the investment allowance is 30% from 13/12/08 to 30/6/09 and 10% from 1/7/09 to 31/12/09.

LOWENSTEINS ARTS MANAGEMENT PTY. LTD.

Certified Practising Accountants

ABN 63 095 459 439



Liability limited by  
a scheme approved  
under Professional  
Standards Legislation

MELBOURNE

Level 5

574 St Kilda Road

Melbourne VIC 3004

t 03 9529 3800

f 03 9525 1616

e lam@lowensteinsarts.com.au

w www.lowensteinsarts.com.au

SYDNEY

Suite 601/3 Waverley Street

Bondi Junction NSW 2022

p P.O.Box 651 Bondi Junction NSW 1355

t 02 9389 2400

f 02 9389 6506

e lams@lowensteinsarts.com

w www.lowensteinsarts.com.au

DIRECTORS

Tom Lowenstein *B.Com FCPA*

Evan Lowenstein *B.Ec. CPA*

Adam Micmacher *B.Bus (Acc) SIA (Acc)*

Michael Zillig - *B.Bus (Acc) CA*