



Paintings, Drawings and Australia's Premier Sculpture Gallery

Treasurer's Announcement – 100% Tax Deduction on Art

The Treasurer, when delivering the 2017 Federal Budget on 9 May 2017, made a statement about increasing and extending the incentive for small business. The statement is summarised as follows.

Who does the Announcement apply to?

Small business (business with an aggregated annual turnover of less than \$10 million annually) can obtain a 100% deduction for assets used and installed ready for use from 9 May 2017 to 30 June 2018 where the cost of the asset is less than \$20,000. For example, Lawyers and Doctors, Accountants and Financial Planners, Engineers and Architects, Plumbers and Electricians, Storekeepers and Franchisees conducting their own business with an annual turnover of under \$10 million may apply the concession of a 100% depreciation for artworks.

Some assets may be excluded from this concession such as horticultural plants and in-house software, mostly assets for which special depreciation rules already apply.

Buyers should seek their own tax deduction advice, but our advice is as follows.

Does the Announcement apply to Artworks?

Yes, artworks are a depreciable assets. Provided the artworks that may be purchased are used or displayed in business premises then presently those artworks may be depreciated. The announcement allows artworks acquired from the 9 May 2017 to 30 June 2018 to be depreciated at 100%.

Can I Purchase more than a single Artwork?

Yes, there is no limit on the number of artworks that may be purchased and depreciated at 100%. Several works of different artists or several works of the same artist might be purchased.

Is there a limit to the total amount that is eligible for the Incentive?

The limit of less than \$20,000- applies to each artwork and not the total number of artworks purchased. Several artworks may be purchased with a total cost of more than \$20,000-. For example: if 3 artworks, each of which cost \$15,000- were purchased for a total of \$45,000- then each of the 3 artworks may qualify for the incentive because each cost for less than \$20,000-

Does the Announcement apply to new and old Artworks?

Yes, the announcement applies both to new and old Artworks. The artworks must have been purchased between 9 May 2017 and 30 June 2018 to qualify for the 100% depreciation incentive.

Who cannot Claim the new Incentive?

The announcement does not apply to individuals, trusts or companies which do not carry on business. The announcement does not apply to persons carrying on business who have a turnover of more than \$10 million.

The announcement does not apply to persons who hold artworks which are not used in business. For example: an art work kept on display at home, or kept in a secure storage unit, or kept as trading stock will not qualify for the incentive.

Art for small business is a fantastic and instantaneous way to improve your space. We have works starting at just \$75-. Give us a call on 0419 400 980 or email us at sydney@cwmgalleries.com.au Better still, come and see us at our Showroom at the Moore Park Supa Centa for more information or to take advantage of this opportunity.

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