



RECEIVE THE TAX DEDUCTIONS THAT YOU ARE ENTITLED TO

FILM FACTS

AUGUST 2016

AS YOU CONSIDER THE YEAR THAT'S PASSED & THE YEAR TO COME, NOW IS A GREAT TIME TO THINK ABOUT TAX PLANNING...

ARTIST AVERAGING – BEAUTIFUL RESULT

EXAMPLE

Dick, a film maker is considered a special professional and makes \$100,000 in his first year. Using income averaging he would pay tax of \$1,710 (excluding Medicare). Not using income averaging he would have paid \$24,947 (excluding Medicare).

INCOME AVERAGING FOR SPECIAL PROFESSIONALS

If you are classified as a special professional then you will qualify for the tax concessions associated with the income averaging provisions. These provisions recognise that the income of special professionals fluctuates from year to year and are designed to apply special rates of tax where the income from their professional work for a particular year exceeds their average income from such work.

WHO IS A SPECIAL PROFESSIONAL?

A special professional is an author of a literary, dramatic, musical or artistic work, an inventor, a performing artist, a production

associate or a sportsperson. Theatre entrepreneurs are not special professionals.

The expression 'author' is a technical term from copyright law. In general, the 'author' of a musical work is its composer and the author of an artistic work is the artist, sculptor or photographer who created it.

AUTHOR OR INVENTOR

If you are employed as an author or inventor, you are a special professional only if you are engaged or commissioned to produce one or more specified works, or to invent one or more specified inventions, and successive engagements or commissions do not result in continuous employment over a substantial period of time. This means that journalists, draughtspersons and graphic artists do not qualify as special professionals simply as a result of their ordinary employment.

PERFORMING ARTIST

You are a special professional if you use intellectual, artistic, musical, physical or other personal skills in the presence of an audience, or you perform or appear in a film, on a tape or disc, or in a television or radio broadcast.

PRODUCTION ASSOCIATE

You are a special professional if you use artistic, rather than technical skills in the production. The people who qualify as production associates are specified in the definition of artistic support to be: an art director, a choreographer,

a costume designer, a director, a director of photography, a film editor, a lighting designer, a musical director, a producer, a production designer, a set designer and any person who makes an artistic contribution similar to that made by any of these people.

SPORTSPERSON

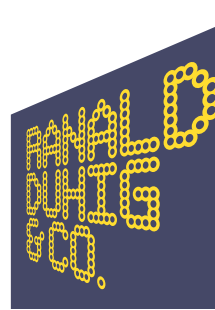
You are a special professional if you compete in sporting activities where you primarily use physical prowess, physical strength or physical stamina. A navigator in car rallying, a coxswain in rowing or a similar competitor is also a special professional.

You are not a special professional if you coach or train competitors, umpire or referee sport, administer sport, are a member of a pit crew in motor sport, a professional golf caddy, own or train animals, or are a sports entrepreneur.

REDUCING THE COMPANY TAX RATE TO 25 PER CENT

It is proposed that the company tax rate will be reduced to **25 per cent over 10 years**. For the 2016 financial year, small business companies with aggregated turnover **less than \$2 million** pay tax at a rate of **28.5%**.

It is proposed the rate will reduce to 27.5% for the 2017 financial year.



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BIG FIXED ASSET DEDUCTION.

Small businesses can now claim an immediate deduction for assets they start to use – or have installed ready for use – provided each depreciable asset costs less than **\$20,000**.

This measure started at 7:30pm (AEST) 12 May 2015 and finishes on 30 June 2017.

The balance of the general small business pool is also immediately deducted if the balance is less than **\$20,000** at the end of an income year that ends on or after 12 May 2015 and on or before 30 June 2017 (including existing general small business pools).



INCREASE IN SMALL BUSINESS ENTITY TURNOVER THRESHOLDS PROPOSED EFFECT DATE: 1 JULY 2016

Starting from 1 July 2016, the government proposes to increase the small business annual aggregated turnover threshold from **\$2 million to \$10 million** for certain small business concessions including the **\$20,000 deduction** referred to above.

HOME OFFICE RATE

You can use a fixed rate of 45 cents per hour (rate was updated from 1 July 2014) for home office expenses for heating, cooling, lighting and the decline in value of furniture instead of keeping details of actual costs.

FILM EXPORTS AND GST

Broadly, a supply of a service is GST – free if the recipient of the service is outside Australia and the use of the service is outside Australia.

Where a film maker sells his production to a foreign entity then he will not include GST on the sale.

EXAMPLE

Tom, an Australian freelance film maker, is engaged by an American company to shoot a scene in Australia which will be used in an American television show. His service has been exported for use outside Australia so he does not include GST in his invoice to the producer.

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THIS NEWSLETTER

The information contained in this newsletter is for informational purposes only. It is not intended to take the place of financial and accounting advice and should not be relied on when making business or personal decisions. "Tax Summary" by Taxpayers Australia Inc. has been used in the compilation of this newsletter"

FURTHER INFORMATION

If you would like further information on any of these matters raised in this newsletter, please contact:

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