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For those of you who enjoy coming to visit our offices in Sydney, there is a new car park opened in the huge Westfield complex off Hollywood Avenue.

We would like to welcome **Michael Zillig** to the senior ranks of the company. Michael has been appointed as a Senior Associate in recognition of his expertise in many areas of taxation and his previous years of experience. We are sure that many of our clients will find his expertise most helpful.

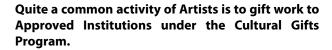
Autumn 2007 newsletter

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

We are very pleased to announce the launch of our new website where you can find out all about our company at **www.lowensteinsarts.com.au**

On this site you will find profiles of our partners, newsletter articles including a link to the Australian Artists Association Ltd. and other arts organisations. Check it out!





This is quite a simple procedure where an Artist makes an offer to a Gallery to donate a work of art, and following valuations, the artist is able to claim the market value of the gift as a Tax deduction.

However as we recently discovered with one of our clients, this deduction will not be available where the artwork has been gifted pursuant to a 'Deed of Gift' or to an institution which is not approved. So it is important when considering the deductibility of donations of artwork to Institutions that proper professional advice be sought well before the gift is made.

Affordable Fine Art Insurance now available

In conjunction with Consolidated Insurance and HSBC Insurance Brokers in London, we are pleased to advise that after several months of negotiating with Lloyds Underwriters, we have been successful in negotiating comprehensive "All Risks" protection at very affordable premium terms on behalf of all of our artist clients.

This facility provides cover for artists' individual personal collections of their own works, other peoples' works, works for sale and even work in progress whilst at the artist's studio or residence, during transit to galleries and for temporary stays, restoration and photography. Cover is provided under a

special Fine Arts All Risks policy wording, which includes cover for such things as fire, storm, earthquake, accidental and malicious damage, impact, explosion and a whole host of other policy coverage PLUS burglary and theft. The basis of valuation for collections has been pre-agreed with underwriters (ie, 50% or Retail Value), so in the unfortunate event of a claim, there is no argument as to what the true value a particular art work is worth.

We are sure you will find this facility of interest. To obtain a quotation, complete the attached questionnaire and return it to us and we will arrange for Consolidated Insurance to provide you with a no obligation quotation.



Superannuation

Following the Budget brought down in May 2006, the Treasurer announced a consultation process which he hoped would result in the simplification of the superannuation rules. This process is now completed and the government has legislated on the process, the key highlights of which are as follows:



Deductible Contributions

Starting from 1/7/07, a limit of \$50,000 per person per annum will be placed on deductible contributions made into a superannuation fund for those aged between 35 and 50. For people older than 50 this is now \$100,000. This replaces the previous agebased limits.



Taxation of benefits

This is the real sweetener contained in the superannuation changes, in that all

benefits paid as either a lump sum or as a pension will be tax free for those aged over 60.

For those aged under 60 there will be two components :

- a) An exempt component
- b) For those aged under 55, benefits will be taxed at a maximum of 20%, for those aged between 55-59, benefits will be taxed at a maximum rate of 15%.



Undeducted Contributions

From 1/7/07, there will be a limit of \$150,000 per annum per person. For those people under 65 years of age, there is the ability to make 3 years worth of undeducted contributions in one totalling \$450,000 from the 1/7/07 till 30/6/2010. Once a person turns 65, they are restricted to making only one undeducted contribution of \$150,000 per annum. Individuals will be able to make a one off undeducted contribution of \$1m dollars up to 30/6/07 before the more restrictive \$150,000 per annum take effect.



Changes for self employed

A self employed taxpayer will be able to claim a full tax deduction for contributions made rather than the previous \$5,000 plus 75% of the excess. This ability to make contributions will be extended to persons up to the age of 75.

There are certain components of each payment that will be have different tax treatment - this is just an outline of the main changes. Of course for more detailed and personal advice please contact our partners.

ROSA - Review of Self-Assessment

Since 1987, Australian taxpayers have been exposed to self assessment which means simply that the returns are lodged and processed at face value without any adjustments being made by the ATO. It then is up to the ATO to conduct audits to verify the accuracy of returns that are lodged through the audit process. It was decided a couple of years ago to have a review of this system. And after a lengthy time, as these things have a habit of doing, there were 54 recommendations made to further refine the system.

Amongst the important changes were the following:

The time that the ATO can amend returns for very simple and small clients, has been reduced from 4 years down to 2 years

As well, penalties have been restructured with new interest components which aren't as onerous as the old ones. The Commissioner will accept more attempts at following public rulings and now has to give reasons as to the reason why the penalties will not be remitted in full where the taxpayer has argued their case.

This review also includes many administrative reforms deigned to give more transparency and fairness to taxpayers who follow the rulings and information provided by the ATO.

The proof however is in the pudding.

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 advise per se. Also changes in legislation may occur quickly. We therefore recommend that formal advice be sought before acting in any of these areas covered in this newsletter.



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