

Taxation Ruling IT 2685, Depreciation Effective Life, under "Amusement Machines and Equipment" and "Video". However IT 2685 was withdrawn from effect on 1 January 2001.

Current Position

There is no tax ruling that deals specifically with the depreciation of video tapes/DVDs that are purchased for hire to customers and not for sale. The only current reference is Taxation Ruling TR 2000/18, Depreciation Effective Life.

The Commissioner has made written determinations pursuant to Sections 42-110 and 387-177 of the Income Tax Assessment Act 1997 (the Act) which came into effect on 1 January 2001. The effective lives specified by the Commissioner in those determinations are reproduced in Tables A and B of this ruling.

Under the heading "Personal and Other Services", page 41 of 75 lists the effective life of video tapes and games hiring at half a year. This effectively means the tapes etc. can be depreciated on a pro-rata basis from date of purchase divided by 182 days.

If you are already deducting an amount of depreciation based on the effective life

specified in the schedule to Taxation Ruling IT 2685, you continue to use that effective life as the basis for your deduction.

The new determinations will apply if you choose to use the Commissioner's determinations of effective life to calculate the amount of your deduction.

You can, however, make your own estimate of effective life (see Sections 42-100 and 387-175 of the Act) whereby you can take into account your own particular circumstances of use.

Another alternative would be to elect to adopt the Simplified Tax System whereby if your annual cash turnover is less than \$1 million, purchases under \$1,000 can be written off immediately in the year of purchase.

Should you wish to discuss this further please contact Mr Stephen Swaine on (02) 9299 9429.

Stephen Swaine is the principal of Swaine & Associates Pty Limited located at Level 6, 9 Barrack Street, Sydney NSW 2000.

Have you quoted your ABN on your tax invoice?

If you are registered for GST make sure you quote your ABN on invoices you issue your business clients. All invoices over \$50 (excluding GST) must include your ABN.

If you do not quote your ABN your client will be obliged to withhold 48.5 per cent from the payment and then forward the withheld amount to the Tax Office.

Your tax invoice should not only indicate the sale price but also the GST component.

To fulfil your obligation as a supplier please make sure your ABN is quoted on your tax invoice so that business-to-business transactions are that much easier to settle and close.

For more information:

- More information about withholding where an ABN is not quoted is available from our website at www.ato.gov.au or by phoning 13 28 66.
- Refer to GSTR 2000/17 and GSTR 2000/17A on tax invoices available from our website

AVRA launches Pro Rental Campaign

At the recent Board meeting 25th and 26th February 2004, which was held in Melbourne, the Board discussed at great length what is perceived to be the biggest current threat to our industry since Pay TV, the commencement of the Foxtel/Austar digital service including the Foxtel Box Office movie channel.

Of great concern to the Board is the threat to our members' businesses of the highly misleading and distorted information coming from one of our competitors for the entertainment and leisure dollar, in what is a very cleverly orchestrated public relations campaign to win over our member's traditional customer base. But in addition to that the Pay TV services staff at call centres or canvassing door to door for subscriptions, are known to be deliberately spreading false information and not advising prospective subscribers accurately of what content will actually be available, nor when it will be available.

The Board has decided to fight back and protect the interests of our members by launching a Pro Rental Campaign. This campaign will have a series of platforms:

1. An in store Pro Rental kit for members to consolidate your current customer base and advise your customers of the real costs of pay per view subscriptions
2. The Association's magazine What's Hot on Video will carry a pro rental campaign advertisement
3. The Association has contracted the services of Rehome Australia to monitor all media, electronic and print
4. The Association has contracted a Public Relations company to get the video industry message out to all media sources and repudiate all misleading and false information coming from Foxtel.
5. The Association has written to the Australian Competition and Consumer Commission [ACCC] pointing out

already several occasions when the information has been misleading and false. The Association is seeking the ACCC's co-operation in investigating and hopefully correcting this information.

Other avenues, yet to be confirmed, include a national TV and print campaign highlighting the benefits of rental as opposed to pay per view.

In store Pro Rental Kits

The in store Pro Rental kits will consist of A4 posters, counter stands, window decals, stickers, pamphlets and sleeves/slicks VHS and DVD. This kit is currently at the design/creative stage and the overriding message on all the material will be pro rental. The underlining message is that Pay TV digital services do not deliver what the consumer expects and they are far too expensive.

The in store kit will allow members to capture and reinforce the rental message to their traditional customer base by clearly explaining the benefits of renting against that of pay per view.

These kits will be available towards the middle of April and stores should contact their group head office or the Association for more information.

This threat is real, AVRA is providing the infrastructure for all groups to unite and become an industry force on this issue.

This will heighten the impact and substantially lower the campaign costs. The kits will be available to non AVRA, at a premium cost, to strengthen this industry lead initiative.

United as an industry we will survive – get involved, get the in store material up in your stores and forward on any information about Foxtel/ Austar you believe is misleading or false so the Association can follow it up.

OUR MISSION
To develop, promote and represent the video industry. To provide effective service, support and direction for our members.



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Business Licence Information Services

The Association has had many calls recently from members seeking advice on what particular licences they may be required to have to conduct their businesses, for example, do I require a second hand dealers licence to sell ex rental stock.?

Business Licences are a function of the various State Governments of Australia and the Association strongly recommends if you are in any doubt about the Licence requirements you should contact the Business Licence Information Service in your state.

ACT

2ND Floor Canberra Nara Centre London Court 2601

Tel 1800 244 4280 Fax 02 6207 0033

email act_bliss@dpa.act.gov.au

Northern Territory

Territory Business Centre Development House 76 Esplanade Darwin 0800

Tele 08 8924 4280 fax 08 8924 4290

email territory.businesscentre@nt.gov.au

Queensland

Cnr Boundary & Fortescue Spring Hill 4000

Tele 07 3221 1620 fax 07 3234 0024

www.smartsmallbusiness.qld.gov.au

South Australia

145 South Terrace Adelaide 5000

Tele 08 8463 3850 fax 08 8231 1199

www.businesschannel.sa.gov.au

Tasmania

5th Floor ANZ Centre 22 Elizabeth St Hobart 7000

Tele 03 6233 5858 fax 03 6233 5800

Victoria

Level 5 55 Collins St Melbourne 3000

Tele 132 215 fax 03 9651 9723

Email sbv@sbv.vic.gov.au

Western Australia

553 Hay St Perth 6000

Tele 08 9220 0234 fax 08 9221 3780

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Level 21 227 Elizabeth St Sydney 2000

Tele 1800 500 168 or 02 9619 8711 fax 02 9619 8669

www.WebMaster.BLISS@fairtrading.nsw.gov.au

Home Entertainment Industry Innovation

Hard-coat DVDs available now!!

Summit Technology Australia has recently commissioned new DVD replication facilities at their Sydney-based manufacturing plant.

Summit's new DVD manufacturing machines are at the cutting-edge of DVD Replication Technology and have several unique features including an inline Hard-Coat lacquering process developed and applied to protect DVDs from damage due to rough or careless handling.

"This toughened second-coat is designed to maximise the life of DVD rental titles, but is also ideal for collector's edition DVDs, children's titles generally, car usage and games DVDs. No other Australian based DVD manufacturer can offer this inline Hard-Coat feature," said Summit Technology Australia's DVD Sales & Marketing Manager, Martyn Smith.

Smith continued: "We recently decided to invest in new capital equipment, so we did a lot of research and heard the screams coming from the rental sector concerning disc damage. Our investigations led to a Swedish company called M2 who have developed DVD manufacturing technology extensively. In an extremely competitive marketplace, we needed a major point-of-difference and came up with three! Not only Hard-Coat but also the CenterBond™ and SpinCure™ processes. M2 have basically invented a better mousetrap. Aside from standard, 'old-tech' DVDs essentially there are two new species of animal in the Australian market place and they are Summit Hard-Coat DVD5s and DVD9s.

"Finally, we are developing a Hard-Coat logo that will appear in the hub of the DVD to alert retailers which DVDs are Hard-Coat protected. We will inform the industry of this logo very soon".

Summit Technology Australia Pty Ltd is Australia's largest, independent optical disc manufacturer. Summit is ISO Accredited and the only Australian based manufacturer licensed to replicate Microsoft controlled software.

For the full story on Summit Technology Australia, Hard-Coat, CenterBond™ and SpinCure™ visit...

www.summittechnology.com.au/hard-coat_dvd

Are you "comfortably inactive" about Occupational Health and Safety?

Article supplied by Kathryn Dent, Gadens Lawyers Sydney

When John F Kennedy observed that "There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction", he may have been speaking about occupational health and safety legislation in Australia. In each state and territory of Australia employers need to be aware that the opportunities for comfortable inaction in relation to occupational health and safety are declining whilst exposures to liability and the amounts of penalties increase.

If you employ people in your business then you will have occupational health and safety responsibilities to ensure the health, safety and welfare of not only your employees but contractors, customers and even, trespassers. A breach of the legislation may result in prosecution by the state or territory WorkCover Authority (or equivalent). If the breach is proven to the criminal standard of proof (being beyond reasonable doubt) hefty penalties may be imposed against the entity or person in breach. Those potentially in breach regarding any one risk or incident are the employing entity, a director or manager (if they have not discharged their safety responsibilities) and even the employee if he or she has failed to ensure his or her safety or that of others.

As a guide to penalties, in NSW a breach for a first-time offending corporation may be as high as \$550,000, for a first-time offending director or manager \$55,000 and for a first-time offending individual employee \$3,300. In the ACT, there is now a crime of industrial manslaughter.

As a video retailer you may not consider that your employees are subjected to any health risks in the cool air-conditioned comfort of your store but consider the following scenarios that we have identified. These are all scenarios that you or your employees may encounter in the future or may have already encountered and all amount to a risk to someone's occupational health and safety for which the company, director/manager or employee may be charged.

We have considered what may be appropriate occupational health and safety responses for each scenario, you may be able to think of more. Whether you agree with our assessment or you are able to think of other protective measures, these scenarios are the types of issues you should be aware of and that you should be making provision for in any occupational health and safety policy.

1. An employee working the last evening shift is held up at gunpoint.

Are there any employees on duty at the same time? There's safety in numbers. Are your employees able to, at a certain point in the evening, lock the doors and only allow access to members of the public where those members of the public can prove their identity or membership of the store? Have you trained your employees on how to handle this scenario? Does the employee have access to a telephone to call the police or a button to press to activate an alert to either you as owner of the store, the police or a security firm?

2. An employee returning videos and DVDs to the shelves.

What is the system for this? Is there a manual handling policy in place or any instructions provided to ensure that no injuries are sustained to backs, arms and necks? Do you have equipment that must be used for this purpose, for example, trolleys?

3. An employee locks up after the last evening shift and catches public transport home.

Do you know the area in which the employee lives and is public transport at that time of night in that area safe? As an employer you have a duty of care to ensure a safe exit from workplaces, how far does that responsibility extend on the journey home?

4. An employee plays on the store's television during working hours, a pornographic movie or a particularly violent movie.

Do you allow your employees to televise whatever movies they like or are they restricted to certain categories or films? Violent and/or pornographic images may disturb members of the public and other employees alike. In the case of the employee repeatedly subjected to violent

imagery, a workers' compensation claim for stress may ensue. And, in the case of pornography, whether it is on one occasion or several, that movie and imagery, with or without lewd and suggestive comments by the employee televising it, could amount to sexual harassment.

So, whether or not the above scenarios may play out at a store near you, what should you do to ensure occupational health and safety; given that it is likely you have risks lurking within your organisation?

You should, at the least, introduce and implement a policy regarding occupational health and safety covering general areas of concern and highlighting specific risks and how to avoid them. The policy should set out safe systems of work, provide a method of supervision and enough information so employees can perform their jobs safely. Like all proper workplace policies should, your policy should highlight to your employees' consequences if they breach it. Finally, this policy, if it is to be relied on in any defence to charges that you have not ensured occupational health and safety, must be enforced, continually reviewed and updated as may be necessary.

In short, the answer is not to be comfortably inactive about occupational

health and safety but to take action and never stay comfortable as there's always room to review and improve your systems of work, policies and procedures.

Kathryn Dent is a Partner of Gadens Lawyers, Sydney specialising in Workplace Relations law.

This publication is provided by Gadens Lawyers to its clients and correspondents for their information on a complimentary basis. It represents a brief summary of the law applicable as at March 2004 and should not be relied on as a definitive or complete statement of the relevant laws.

Video Ezy Appoints New CEO

Video Ezy has announced, after what was a very intensive and exhaustive selection process, Stephen Johnston (20th Century Fox) as the new CEO replacing Daryl McCormack effective March 2004.

Stephen's depth and experience in the video industry since 1997 has helped Fox become one of the strongest Distributors in the market place and this will certainly help all Video Ezy franchisees.

Stephen said "I'm thrilled at the opportunity to lead an Organisation of the calibre of Video Ezy. I look forward to playing a

significant role in the tremendously exciting future of the company."

The Association would like to congratulate Stephen on his new appointment and looks forward to working with him in promoting rental as the primary home entertainment format.

The Australian Film and Video Security Office superseded

The Motion Picture Association has announced that the Australian Film and Video Security Office will be superseded by a new organisation called the Australian Federation Against Copyright Theft (AFACT).

It is thought this new body will bring a much needed boost to resources in the fight against video piracy, which is estimated to be worth around 8% of the market.

Adrienne Pecotic, the Executive Director of AFACT believes a wider educational role will be an important step in helping AFACT achieve its aims and it is hopeful rental stores will play a major part in this process. Stephen Howes, who headed up the old AFVSO will be retained as a consultant to the new body and his wealth of past experience will not be completely lost.

For more information about AFACT call toll free 1800 251 996, email info@afact.com.au or just click onto www.afact.com.au

Australian Taxation Rulings Effective Life of Rental VHS tapes and DVD discs

One of the most frequently asked questions is "what is the effective life of rental tapes and DVDs?"

Background

The Australian Taxation Office originally issued Taxation Ruling IT 2248 which specifically dealt with the depreciation of video tapes in a video library whereby the prime cost rate of depreciation was determined to be 50% per annum. This rate was based on the effective life of the video cassettes as set out in the Income Tax Assessment Act. This ruling was withdrawn on 15 October 1997.

The depreciation rate for video tapes in a video library was then reproduced in

Pay Per View

The Association, in recognising this new delivery format is in the market place in direct competition to our members, have written to all major Distributors seeking to clarify their involvement or not in this delivery format and if so what is their published window period for those titles.

Distributor	Involved	Window period
Columbia	No	N/A
Warner		
Buena Vista /Disney	Yes	six months
Roadshow		
Universal	no titles confirmed at this stage	will be confirmed when involved
Paramount		
MGM		
20th Century Fox		