

TAXES FOR ARTISTS

EC3 PROFESSIONAL DEVELOPMENT WORKSHOP



A LITTLE BIT ABOUT ME

- Actor
- Tax preparer
- Animal Nerd





Greetings, Fellow Tax Payers!

Greetings!

Artbooks was launched over 30 years ago as Canada's first organization dedicated to artists and entrepreneurs' financial sanity. We provide tax preparation and consultation for sole proprietors/freelancers with a focus on the arts. Please note that we do not prepare corporate taxes or taxes for residents of Québec.

We are currently offering **remote** tax appointments during our off season, conducted through Zoom or phone.

Please contact us at info@artbooks.to for general inquiries or to book an appointment. **Please note that we begin booking for 2020 tax year appointments on January 15th 2021.**

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At Artbooks we try to provide a relaxing atmosphere. A friendly Golden Retriever named Rosy Walnut will be present on most weekdays during the tax season unless you specifically ask that she stay at home for the day.

Artbooks works as a team. You and your preparer will work together for 90 minutes. At the end of this time you should have a pretty good idea of the tax damage. After your meeting we provide three levels of checking before the tax return is e-filed and copies sent to you. We will keep one on file.



KNOW YOUR DEADLINES

- TAX FILING DEADLINES:
- Tax filing deadline is April 30 for *most* Canadians.
- Tax filing deadline for freelancers, sole proprietors, small non-incorporated business owners and their spouses or common law partners is June 15

TAX PAYMENT DEADLINES

- The deadline to *pay* your taxes and HST, regardless of tax filing deadline is April 30
- Making a guess about how much you owe is ok! Because freelancers are allowed to file until June 15, but are required to *pay* by April 30, you are allowed to make a guess of what you *might* owe and send it to the CRA by April 30. When/if you file your taxes after April 30 you can then reconcile your payment with what you actually owe, if anything, and you will either be required to pay the difference, or receive a refund for any overpayment.

COMMUNICATING WITH THE CRA

- CRA stands for Canada Revenue Agency
- Sign up for My Account!

Sign in to a Government of Canada online account

Login or register for an online account.

Most frequently accessed accounts

- My Account with CRA
 - [Personal taxes, tax credits, Canada Child Benefit, Canada Emergency Response Benefit](#) - CRA My Account
 - [Business taxes, payroll, GST/HST](#) - CRA My Business Account
 - [Represent a client or family](#)
- [Visas, work permits, study permits, Express Entry](#) - Immigration, Refugees and Citizenship Canada
- [Weekly EI reporting service](#)
- [Update EI details, Canada Pension Plan, Old Age Security](#) - My Service Canada Account

INSIDE MY ACCOUNT

Canada Revenue Agency
My Account

TOVA EPP ▾

Overview

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Tax returns

Accounts and payments

Benefits and credits

Savings and pension plans

Progress tracker

More services >

CORRESPONDENCE

Mail 1

Submit documents

Notification preferences

Overview

As of November 20, 2022

Print/Save

[Tax returns](#)

Your **2021** return was deposited directly to your bank on **17, 2022**.

[Accounts and payments](#)

Income tax balance: **\$0.00**

[Statement of account](#)

[Progress tracker ?](#)

View the status of files that you have submitted to CRA.

Our records show you have no files being tracked at this time.

[Tax information slips \(T4 and more\)](#)

View your original and amended tax information slips (T4 and more) issued by an employer, payer, administrator, or Service Canada for up to ten years.

[Uncashed cheques](#)

How Taxes Work: A Primer

At the end of the day, taxes are fairly straightforward. You pay taxes on your gross income, less any deductions (RRSPs, childcare, medical expenses, business expenses; the list is long and varied). This is your *net* income and is what is considered taxable.

An artist who files their taxes as a sole proprietor would use the T2125, Statement of Business Income (Appendix C) to report any sales of art, box office income, grant income and other revenue streams as well as to list all expenses related to your art practice. Artists are often loathe to consider themselves ‘businesses’, but it really is in their best interest to develop good business practices to aid their art practice. Your *gross* income from your art practice *less* the expenses is your *net* income. The net income is what is added to any other income (day jobs etc) to be taxed.

WHAT CONSTITUTES TAXABLE INCOME?

- EMPLOYMENT INCOME
- GRANTS
- CASH PAYMENTS (TIPS, BABYSITTING, LAWNMOWING ETC)
- INVESTMENT INCOME
- PATREON, ETSY SHOPS, CRAFT FAIRS, OTHER ON LINE SOURCES (AD SALES)
- FUNDRAISER INCOME IE KICKSTARTER AND INDIE GOGO

GRANTS!

- They are taxable income
- You are allowed to claim them as part of your art practice/business income
- You will most likely receive a T4A
- They are often subject to further review from CRA

VISUAL ARTIST

Sample Income Statement - For the year ending December 31, _____

Revenue	20 ____	20 ____
Art Rental	_____	_____
Sales	_____	_____
Sales in Kind	_____	_____
Artist Fees	_____	_____
Superintendent Fees	_____	_____
Casual Labour	_____	_____
Sheridan College Travel Reimbursement	_____	_____
Other Reimbursements	_____	_____
Canada Council T4A	_____	_____
Lecture Fees	_____	_____
	_____	_____
Expenses	_____	_____
Rent (see schedule)	_____	_____
Automobile (see schedule)	_____	_____
Exhibition Expenses (see schedule)	_____	_____
Business Entertainment (see schedule)	_____	_____
Travel (see schedule)	_____	_____
Capital Cost Allowance (see schedule)	_____	_____
Storage Rent	_____	_____
Transportation	_____	_____
Art Supplies & Materials	_____	_____
Memberships & Entry Fees	_____	_____
Photographic Supplies & Services	_____	_____
Research Costs	_____	_____
Printing & Other Promotional Expenses	_____	_____
Exhibition Opening Costs & gifts	_____	_____
Accounting	_____	_____
Office Supplies	_____	_____
Postagem, Courier & Long Distance	_____	_____
Casual Labour	_____	_____
Equipment Repairs & Rentals	_____	_____
Workshops, Seminars & Lectures	_____	_____
Sales Commissions	_____	_____
	_____	_____
Net Profit/(Loss)	_____	_____
Less Loss Carry Forward	_____	_____
Net Profit/(Loss)	_____	_____

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INCORPORATION VS SELF EMPLOYED

INCORPORATION

- Lower tax rate
- Limited liability
- Much more expensive to administer and file taxes

SELF EMPLOYED

- Set up is simple and affordable
- Tax filing is easier
- Higher tax rate

GOOD BOOKING/INVOICING APPS

- QUICKBOOKS
- FRESHBOOKS
- XERO
- WAVE
- Kashoo

HST EASY TO REGISTER BY PHONE

1-800-959-5525

For HST non-registrants

If you are close to earning \$30,000 freelance, consider registering for HST now.

(CRA scans tax returns to see who earns more than \$30,000 and then cross references them with HST registrants. So be careful!)

Often when our income shoots up for the first time we are too busy to initiate anything so anxiety provoking as a new HST status. You are allowed to register for HST even if you don't make \$30,000. Talk to your tax preparer about whether it might be advantageous to register especially now that it's 13%.

Long or Regular Method

1 You collect GST/HST

→ Send it to Ottawa

2 You spend GST/HST

← Get it back from Ottawa

For Example

Total income	\$30,000	
Total GST/HST collected	$= 30,000 \times .13 =$	\$3,900
Total GST/HST spent	GST/HST paid on expenses	(\$1,300)
YOU PAY THE NET		\$2,600

Quick Method

1 You collect 13% GST/HST

2 You send 8.8% to Ottawa minus 2 things

For Example

Total income	\$30,000	\$30,000
Total GST/HST Collected	$= 30,000 \times .13 =$	\$3,900
Entire amount (GST/HST and Income)		\$33,900
Take 8.8% of Entire amount	$= 33,900 \times .088 =$	\$2,983
Less 1% of income up to 30K		(\$300)
Less GST/HST Paid on New Assets (eg. Computer)		(\$195)
YOU PAY THE NET		\$2,488

QUESTIONS AND ANSWERS

- ASK AWAY!