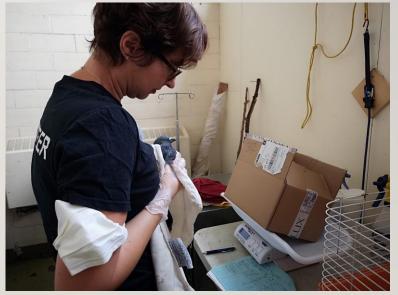
TAXES FOR ARTISTS

EC3 PROFESSIONAL DEVELOPMENT WORKSHOP

A LITTLE BIT ABOUT ME

- Actor
- Tax preparer
- Animal Nerd





HOME ABOUT TAX PREP CHECKLIST GST/HST FEES CONTACT DOWNLOADS VIDEOS

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!

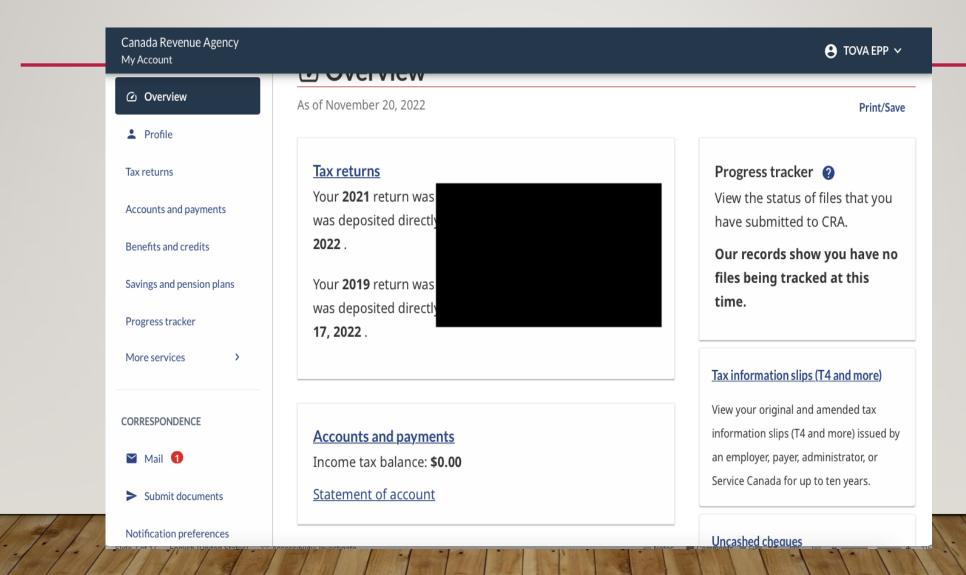
Sign in to a Government of Canada online account

Login or register for an online account.

Most frequently accessed accounts

- My Account with CRA
 - o Personal taxes, tax credits, Canada Child Benefit, Canada Emergency Response Benefit CRA My Account
 - o Business taxes, payroll, GST/HST CRA My Business Account
 - · Represent a client or family
- <u>Visas, work permits, study permits, Express Entry</u> 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



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 Sominars & Losturos		
Workshops, Seminars & Lectures Sales Commissions		
Sales Commissions		
Net Profit/(Loss)		
Less Loss Carry Forward		
Net Profit/(Loss)		

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 I-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 dont make \$30,000. Talk to your tax preparer about whether it might be advantageous to register especially now that its 13%.

Long or Regular Method

Quick Method

1 You collect 13% GS			Walter By
	Ottawa minus 2 things		
For Example			
Tota	lincome	\$30,000	\$30,000
Tota	I GST/HST Collected	= 30,000 × .13 =	\$3,900
Entire amount (GST/HST and Income)		\$33,900	
Take	8.8% of Entire amount	= 33,900 × .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!