



GUIDELINE FOR ACTORS AND ARTISTS

The Australian Taxation Office is very aggressive in their audits. We have outlined below expenses you can/cannot claim and what you need to keep.

TRAVEL EXPENSES

Travel expenses incurred in the course of your work or traveling between one place of business and another will be a deduction. These may take the form of motor vehicle expenses, air, bus, train or taxi fares, car rental costs and similar expenses. Accommodation and meal expenses on business trips are also deductible. However, not entertainment expenses. Travel expenses incurred in the course of gaining income (i.e. auditions) are NOT deductible. To deduct a business travel expense it must be substantiated by documentary evidence – make diary entries for the duration of the trip. Keep all receipts – airfares, boarding passes, meal, accommodation, total mileage of trip, (if traveling by car).

HOME OFFICE

Broadly, the expenses fall into two categories:

- Running expenses (e.g. heating, lighting) relating to income earning activities;
- Occupancy expenses (e.g. rent, interest, running expenses) where the home is a place of business.

Running Expenses:

The taxpayer is entitled to claim the difference between what was actually paid for those expenses and what would have been paid if no work were performed at home.

This formula is accepted by the Tax Office:

$$\begin{array}{r} \text{Cost per unit of power} \\ \times \\ \text{Average units used per hour} \\ \times \\ \text{Total income producing hrs (p.a.)} \end{array}$$

These expenses represent the additional costs of exclusively maintaining or using part of the home for income-producing activities (e.g. private study). No claim is allowed unless the room is used exclusively for income earning activities.

Running expenses include the cost of:

- heating;
- lighting;
- cooling;
- depreciation of professional library or equipment.

Extra expenditure must relate to the facilities provided exclusively for the taxpayer's benefit while working. 'Running expenses' does not include claims for rates or taxes, or repairs to a home office.

Claims for a depreciation of a **professional library** and **equipment** must be apportioned if the items are also used for non- income producing purposes. This is determined by keeping a log.

CLOTHING

A claim is allowable for the cost of buying, renting or replacing clothing, uniforms and footwear if the clothing is:

- protective in nature;
- a non-compulsory uniform or wardrobe that has been entered on the Register of Approved Occupational Clothing of the Department of Industry, Science and Tourism;
- non conventional clothing used in the production of income. There are special circumstances where conventional clothing may be allowed and the taxpayer can show there is a direct connection with their employment activity.

The cost of maintaining and cleaning clothing can also be claimed, but only if the cost of the clothing is allowed as a tax deduction. To successfully make a claim, dry cleaning receipts should be kept, or if washing at home we will work out the claim for you. Electricity bills should be kept.

MOTOR VEHICLE

The general rule is to choose one of the four following methods:

- cents per kilometer;
- log book;
- 1/3 of actual expenses method;
- 12% of original cost.
*refer to appendix 1.

OTHER DEDUCTIONS

- ✓ Agents commission;
- ✓ Printing, postage and stationery (i.e. incurred to reply fan mail);
- ✓ Coaching classes, acting, singing, dancing;
- ✓ Photographs;
- ✓ Reference material must be directly relevant to income earning activities;
- ✓ Telephone – home, mobile phones, pagers, beepers – need to demonstrate that the expense is incurred because one is on call or is required to telephone their employer on a regular basis.
- ✓ Hair and make up – only for income earning activities.

THEATRE TICKETS

Theatre tickets can only be claimed if there is a direct link between the movie/show watched and income producing activities. There are strict guidelines to successfully make a claim. This applies to video hire as well.

FITNESS EXPENSES

A deduction is allowed for fitness expenses only if it can be shown that it is required to undertake **strenuous** physical activity as part of income earning activities. Gym fees are NOT a deduction.

NON-DEDUCTIBLE ITEMS

- Ø Audition expenses – cost of preparing and attending auditions;
- Ø Drivers licence;
- Ø Newspapers;
- Ø Entry fees to events and shows.

APPENDIX 1
Summary of the four methods

	Cents-per-km method	12% of original cost method	1/3rd of actual expenses method	Log-book method
Special eligibility rules	None, but limited to a claim of 5 000 kms	Business use must exceed 5 000 kms	Business use must exceed 5 000 kms	Car must have been owned or leased
Expense base	Business kms	Original value	Cost of car expenses	E.g. tyres, fuel, service
Calculate deduction	Multiply by cents per km	Multiply by 12%	Multiply by 1/3	Multiply by % of business use
Have to substantiate expenses	YES Diary Entries substantiating the kms travelled	YES Diary Entries substantiating the kms travelled	Yes All receipts and vouchers plus proof of km travelled	Yes All receipts and vouchers plus log book for 12 weeks every 4 years

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