

Topic	A Taxing Time for Artists		
Date	Sep 9, 2018	Location	Ottawa, ON
Host(s)	CARFAC National Conference		
Participants	Ben Donoghue, Tova Epp, Michael Maranda, Emmanuel Madan + 70 audience members		
Notetaker(s)	P Close		
Facilitator(s)	Tara Mazurk		
Invitation	To identify issues artists have had with filing their taxes with the Canada Revenue Agency (CRA) and address ambiguities		
Perspectives and thoughts	<p><u>General</u></p> <ul style="list-style-type: none"> • In general, tax system for artists in Canada is full of misunderstandings, problems, fear, and lack of awareness of artist rights and responsibilities • There is a role for service organizations to inform and guide artists and to negotiate with government • There is a responsibility for government to act in the public good and to ensure that policy, regulations and departments work in harmony and do not confound or contradict each other (such as with granting income as understood by the Canada Council for the Arts versus the Canada Revenue Agency) <p><u>Public Good / Grants</u></p> <ul style="list-style-type: none"> • Grants, tax incentives seen government acting in public good – commitment to support culture. Advocates must build understanding in government and community for public good <p><u>Disability</u></p> <ul style="list-style-type: none"> • Ontario artists receiving ODSP benefit were returning grants awarded rather than to lose ODSP benefit - example of policies within 2 arms of government working against each other (ODSP and the Ontario Arts Council). • In Jan 2018, policy changed to allow grants without loss of ODSP <p><u>Grants</u></p> <ul style="list-style-type: none"> • Canada Council, other granting agencies and CRA need to simplify and clarify the rules about reporting grants as income • Canada Council's letter to grant recipients on how to declare grants is very helpful – should be maintained • Tax Form Line 130 – report net after expenses 		

	<ul style="list-style-type: none"> ● Grants and deferrals across tax years can be a problem when reporting, because it does not provide a full picture of an artist's average income ● Artist Project Grants lumped together with scholarships - Tax Guide P105 – is confusing ● No evidence of artist project grants being given to students <p><u>Basic best practices for artists</u></p> <ul style="list-style-type: none"> ● keep receipts and income and expense records including cash transactions ● learn to use spreadsheets, tax software ● in-kind donations should be considered as income – donation receipt claimed as expense against income - shows activity ● auditors and tax folks are humans <p>Panel considered that revenue neutral (tax-free) grants were not advantageous as expenses cannot be deducted. Income averaging was seen as a better option for all artists. They also recommended that artists file as a business to be able to deduct expenses.</p> <p>Royalties - reported on T5 slip - should also be used as business income.</p>
<p>What research would be useful?</p>	<p><u>Education / Information</u>: currently no instruction on tax & business skills in arts schools. Online information could be developed by service organizations.</p>
<p>Whose voices are missing around the table?</p>	<p>As taxation can be a complicated subject, panelists were chosen based on their expertise. The Canada Council for the Arts was present in the audience, and the panel helped them understand the artist's context to aid in future conversations with CRA.</p> <p>As taxation can also be a very personal subject, some artists in the audience shared their stories with the panelists confidentially before and after the discussion.</p>
<p>Resources & Links (mentioned during discussion or shared afterwards)</p>	<p>A guide to preparing your taxes after receiving a grant (Tova Epp, Generator TO)</p> <p>Tova Epp's presentation notes</p> <p>Statement from CARFAC about artists facing CRA audits</p> <p>Expectation of Profit – Professional - 2001 Tax court challenge – Lyn Tramble vs Queen (See Section 5 and 6 of judgement)</p> <p>Emmanuel Madan's presentation slides</p>

	Michael Maranda's presentation notes
What next steps were mentioned as a result of the Gathering?	<p>How can artists respond to notice of a CRA review?</p> <ol style="list-style-type: none">1. don't panic – stay calm and focused2. letter – read carefully – it is written by computer - determine action needed3. review what you did and information you already filed for possible errors, omissions4. know the rules – review the CRA's relevant bulletins5. respond in letter within 30 days: explain rationale for what and how you reported and which rules you followed; explain if any errors; if none, state none, include details; detail where and how you reported any items in questions6. request that CRA not reopen return as you have provided information in accordance with rules and that it is not necessary to proceed to reassessment7. phone if problems occur – humanize the problem - CRA can make mistakes8. don't give up <p>Next steps for CRA policy:</p> <p>Canadian Arts Coalition, the Canada Council for the Arts, and the Canada Revenue Agency (CRA) have been discussing issues around tax forms and granting income. It is anticipated that a new, accessible tax bulletin on this matter will be released</p>