

Tax & the Artist

Money will be spent by the artist on a wide range of things, some will reduce the artist's tax bill, and others will not – on average every £100 of allowed costs will save the artist at least £30 in tax, this article assumes that the individual is self employed and focuses on some of the main claims.

In general the expenditure reduces tax if it is “wholly and exclusively for business purposes”. The Revenue, by concession allows certain expenditure to be split on an equitable basis between business and personal, for example vehicle running costs and telephone costs are usually in respect of business and personal use.

Where an artist makes business journeys outside their normal pattern, or the business is by its nature itinerant, for example a travelling artist, then modest expenses may be tax deductible. Where a business trip necessitates one or more nights away from home, the hotel accommodation and reasonable costs of overnight subsistence are deductible. The reasonable costs of meals taken in conjunction with overnight accommodation are allowable, whether or not paid on the same bill.

An artist can choose to claim actual costs of (business) travel using their own transport or claim a mileage allowance instead; this mileage allowance is given for cars, motor bikes and pedal cycles – this can be more advantageous than claiming actual costs.

Where an artist pays for training courses with the purpose of up-dating their skills and professional expertise, it is normally allowed as a tax deduction. However, if a completely new specialisation or qualification will be acquired as a result of the expenditure, it is unlikely that the expenditure will be allowed.

Expenditure on business entertainment or that which is incidental to business entertainment is not allowable as a tax deduction. Business entertainment means the provision of free or subsidised hospitality or entertainment. The person being entertained may be a customer, a potential customer or any other person.

If an artist can demonstrate that hospitality is given as part of a contractual arrangement in which services of an equivalent value are provided, then the hospitality costs are not treated as business entertainment, and the expenditure allowed.

Other deductions can be made in respect of the use of a room as an office and the purchase of equipment.