

## Taxation of Prizes or Grants for Artists

The source of income for a great number of artists is from grants and awards, in turn artists who operate as self-employed individuals or in partnership are assessed (for income tax purposes) on income resulting from their 'business' activities.

Prizes or gifts (awards) that are won by an artist are usually exempt from tax, unless the sum is significant (£25,000 plus) and is received by an artist who is an employee. In this case the award will be seen as part of remuneration for services rendered.

The Arts Council of Great Britain and the Inland Revenue have issued a memorandum dealing with the treatment of the Council's award, and bursaries. There are two categories of awards:

### Category A: Taxable Items

- Direct or indirect musical, design or choreographic commissions and direct or indirect commissions of sculpture and paintings for public sites
- The Royalty Supplement Guarantee Scheme
- The Contract Writers' Scheme
- Jazz bursaries
- Translators' grants
- Photographic awards and bursaries
- Film and video awards and bursaries
- Performance Art awards
- Arts Publishing grants
- Grants to assist with a specific project or projects (such as the writing of a book) or to meet specific professional expenses such as a contribution towards copying expenses made to a composer, or to an artist's studio expenses

## Category B: Items Exempt from Tax

- Bursaries to trainee directors
- In-service bursaries for theatre directors
- Bursaries for associate directors
- Bursaries to people attending full-time courses in arts administration (the practical training course)
- In-service bursaries to theatre designers and bursaries to trainees on the theatre designers' scheme
- In-service bursaries for administrators
- Bursaries for actors and actresses
- Bursaries for technicians and stage managers
- Bursaries made to students attending the City University arts administration courses
- Awards, known as the Buying Time Awards, made, not to assist with a specific project or professional expenses, but to maintain the recipient to enable him to take time off to develop his personal talents.