

Musicians & Singers – Tax Checklist

Continuing Education		Auto Travel (usually track miles)	
Coaching & Lessons		Audition Travel	
Dance Training		Business Meetings	
Music - Arrangements		Continuing Education	
Tapes, CDs, & Recordings		Job Seeking	
Training		Out-of-Town Business Trips	
Rents - Rehearsal Hall		Purchasing Job Supplies, Materials	
Tickets - Performance Audit		Professional Society Meetings	
Voice Training		Parking Fees & Tolls (no tickets) \$	
Other: _____		Other: _____	
Promotional Expenses		Travel - Out of Town	
Audition Tapes, Videos, CDs, DVDs		Airfare	
Business Cards		Car Rental	
Film & Processing		Parking	
Website Development & Hosting		Apartment Rent (jobs lasting less than 1 year)	
Mailing Supplies - Envelopes, etc.		Taxi, Train, Bus & Subway	
Photos – Professional		Lodging (don't combine w/ meals)	
Resume and Portfolio Expenses		Meals (don't combine w/ lodging)	
Other: _____		Laundry and Porter	
Supplies & Expenses		Bridge & Highway Tolls	
Uniforms & Formal Wear		Telephone Calls (including home)	
Cleaning (uniforms/formal)		Other _____	
Recording Studio Costs		Telephone Costs	
Dues - Union & Professional		Cellular Calls (business use %)	
Gifts - Business (\$25.00 max per person p.a.)		FAX Transmissions	
Insurance – Equipment		On-Line Services	
Interest - Business Loans		Paging Service	
Strings, picks, cords, reeds, etc		Pay Phone	
Instrument & Musical Supplies		Toll Calls	
Meals - Business (100% of cost)		Other: _____	
Photocopy - Music, etc.		Equipment Purchases	
Postage & Office Supplies		Answering Machine	
Sheet Music		Personal Digital Assistants (PDAs)	
Publications – Trade		Audio Systems & Amplifiers	
Rents - Office, Storage, etc.		Musical Instruments	
Rents - Equipment, etc.		Pager and Recorder	
Repairs – Instruments & Eqpmnt		Software	
Secretarial & Bookkeeping		Speaker Systems (business use %)	
Commissions - Agent/Manager		Computer & Printer	
Other: _____		Tools & other music supplies	
Other: _____		Other: _____	

Source: <http://www.artstaxinfo.com/artists.shtml>

Tax Considerations for Musicians

Deductible expense guidelines. Expenditures must be:

- ✓ Incurred in connection with your (music or performing arts) business
- ✓ Ordinary and necessary
- ✓ Not extravagant under the circumstances

IRS criteria for running a business and not a hobby:

1. Do you carry on the activity in a businesslike manner
2. Is the time and effort you put into the activity indicate you intend to make it profitable
3. Do you depend on income from the activity for your livelihood
4. Are the losses from the activity due to circumstances beyond your control (are they normal in the start-up phase of your type of business)
5. Do you change your methods of operation in an attempt to improve the profitability
6. Do you have the knowledge needed to carry on the activity as a successful business
7. Were you successful in making a profit in similar activities in the past
8. Does the activity make a profit in some years; how much profit it makes
9. Whether you can expect to make a future profit from the appreciation of the assets used in the activity.

Evidence of a business:

- a) Business cards
- b) Stationery printed
- c) Separate business checking account
- d) Business telephone and fax number
- e) Accurate records of the time spent
- f) Careful documentation of all business-related expenses
- g) Include: date, amount, expense, who attended, what discussed, business purpose of expense
- h) Computerized accounting records as evidence of the artist's "businesslike" intent
- i) Records of all show entries (even including ones that you don't get into) and all gallery activity

Are you a qualified (starving) performing artist?

The IRS provides a simple tax benefit to qualified performing artists. Basically, you must not make a lot of money from any source. You are qualified if:

1. You performed services in the performing arts as an employee for at least 2 employers;
2. The aggregate business expenses made in connection with these services exceeds 10 percent of your gross performance income; and
3. Your adjusted gross income (from all sources) is less than \$16,000.

If you are qualified, you will be allowed to deduct related performance expenses directly from income on your Form 1040 rather than deducting the expenses on Schedule A, which typically does not provide as good a tax benefit. See instructions for Form 2106 for more information. If you are not qualified because your income is too high or you are not an "employee" (e.g. you receive a W-2), you should consider establishing a business for your performing activities.