

## A DISCUSSION WITH THE ATO

“Mr Tucker, I’m from the Australian Taxation Office and I’m here to squeeze every last drop... Oops, sorry, I’ve just been transferred to the ATO from the Australian Federal Police Anti-terrorism Unit and I’m still coming to grips with the new lingo. Good morning Mr Tucker, I’m from the Australian Taxation Office and I’m here to help you make sure your taxation affairs are in order”

“Now, you claim here that you are an artist, you don’t look much like an artist to me”

“What *do* I look like? An accountant? Spare me!”

“Okay; I’ve never met an artist before. Now I see here you have declared income from paintings of \$1655 but you are claiming expenses of \$18956 – looks to me that either you’re a hopeless artist, or you aren’t trying very hard, or is it both?”

At this point I could answer the comment in one of two ways so I’ll give you the wrong answer (in italics) and then the correct answer, which will be the one given:

*“Well yes, I take your point, maybe I’m not very good, and maybe I’m not trying as hard as I should”*

“I am actually very good, the public doesn’t realize it; yet. And I am most certainly trying hard to be a commercially successful artist, very hard indeed”

“Right, so how much time do you devote to your painting, and how often – I see you also have a full time job?”

*“Oh, it depends. Sometimes I’ll go for weeks without even thinking about the painting, then, when there’s nothing on the telly, like when Big Brother’s in recess, I’ll get the urge to paint and hunt out the paints and brushes. Usually the paints will have dried out so then I have to let the urge pass”*

“When I finish work I’m straight into the studio, and every weekend I’ll put in at least sixteen hours”

“ mmmm, so given your almost total lack of income, what steps are you taking to increase sales?”

*“You mean I have to do something!! I thought the word would just get out”*

“The gallery that now represents me has an exhibition booked for next year, plus I’ve got my own website – I’ll give you the URL before you go, and pass it on to all your colleagues – and I’m applying for grants, entering art competitions, I’ve been in a couple of group shows and I organized a solo show last year. I also pester the local papers to come and review my work, but, you know how it is”

“Yes, yes, what about qualifications; do you have professional qualifications, what studies have you undertaken?”

*“No nothing like that. Can’t stand studying, too much like hard work”*

“In actual fact, there’s no necessary connection between being a successful artist and having qualifications in art – just look at our most successful Indigenous artists. But, since you ask, yes I have a Bachelor of Fine Art and I’ve taken a post graduate Diploma in Photography so I can add that to my repertoire and also document my work properly. Plus I attend professional development activities in art and business all the time. Can I show you my certificates?”

“Maybe another time. Do you belong to any particular associations?”

*“Um, yes, I belong to the Wellington Point Neighborhood Watch Association and the Sleep Apnea Support Association – not that I’m a snorer; that’s a scurrilous rumour put about by my wife. Actually, now I think about it the first one has been disbanded”*

“Naturally, I’m a member of Artworkers, the National Association of the Visual Arts, Arts Law Centre of Queensland and Flying Arts. I’m also a member of the Institute of Modern Art, the Queensland Centre for Photography, Arts West and Metro Arts”

“That all sounds good, but let’s get back to your prospects. Do you expect that you’ll ever make a profit from your paintings?”

*“Not really”*

“Absolutely!”

“More information?”

*“Well, you know. Painting’s one thing. Getting someone to buy it is another kettle of poisson entirely...”*

“My accountant and I have prepared a business plan which shows that my arts business should be in profit in six years on present painting prices. The gallery believes that we should be able to increase prices over the next three years so profit might happen sooner. I don’t expect to give up the day job until year ten though, but if I can move to painting full time sooner I most certainly will. That’s the plan. Would you like to buy a painting and help the plan along? It’ll be a good investment...”

“I’m a bit short right now; let’s have a look at your receipts!”

*“Receipts?”*

“Good idea! Would you like to have a look at my spreadsheets first? Or maybe I should open the MYOB file? All the expenses recorded in the accounts are supported by an invoice or receipt. They’re filed in date order. Do you want a cup of tea while you’re checking them?”

“Well, your receipts seem to be in good order. What’s this ‘protective clothing’ item?”

*“That’ll be for my jeans”*

“Those are the overalls I bought to paint in”

“And this invoice for food and drink?”

*“errrrr....”*

“That’s for the refreshments I put on for the solo exhibition I mentioned earlier”

You’ve got here car expenses, do you have a logbook for your car?”

*“You mean the service book?”*

“I do. I keep it going all the time although as you would know I didn’t have to keep it for more than twelve weeks providing the business usage hasn’t changed by more than ten percent, and it’s not more than five years since the use started. I’ll go and get it out of the glovebox. Do you want to have a look at some paintings while you wait? Prices start at \$500 and there’s no GST”

“Sorry; as I said, I’m a bit short right now. You have an ABN then?”

*“What’s that?”*

“I’m surprised you don’t already know that; yes I do have an ABN and have had one since I started my arts business. I’d been painting for some years before then but didn’t consider it to be a business activity. As soon as I decided to turn the painting into a business, that’s when I got the ABN – I’m not registered for GST yet but will be doing that at the beginning of the next financial year, even though sales won’t get to the \$75000 threshold”

“Now, you’ve been working from home and you’re claiming part of the rent. How did you arrive at the percentage of the rent that you’re claiming as a deduction?”

*“Well.....bit of a guess really. I paint in the lounge room – when the wife stops complaining about the mess – and that seems to be about half the area so that’s what I claim”*

“I’ve measured the floor area of the space used exclusively for studio and storage space, and worked out that it’s 13.83% of the total area. Here’s the floor plan. Would you like to check? I’ll get you a tape measure. Have a look at the paintings in the storage area while you’re at it. They’re all for sale; we can negotiate on price”

“I’ll accept your mud-map. You took an overseas trip last year; what did you get up to? Catch up with old mates? Bit of sightseeing? Touristy stuff?”

*“Oh it was great! We went to our son’s wedding, met all the rellies and new in-laws and managed to squeeze in a couple of exhibitions. Bargain!”*

“No, no time for sightseeing, which didn’t bother me. I attended painting workshops at St Martins College, went to the London Original Print Fair and the London Affordable Art Show, met a number of dealers and gallery owners, checked out the current exhibitions, purchased some art materials not available here, visited a number of Australian artists working overseas to suss out the dodgy dealers, made contact with freight and customs people, and took heaps of photographs and filled a couple of sketchbooks with material for future reference. I was going to catch up with my daughter who now works in London but ran out of time. Do you need to see the travel diary?”

“Yes I do, thank you”

*Bugger...*

“Here you go. I’ll give you the sketchbooks as well; you’ll see that they are cross-referenced to the diary entries. Just sing out if you see a sketch you like; I can also get it framed nicely if you like”

“ Well I think that’s about it Mr Tucker. I don’t expect that we’ll be taking any further action in this case but I have to warn you that if something comes to light later we’ll be back”

“Like a bad smell” (sotto voce)

“I beg your pardon?”

“Like to buy a sketch?”