



## **ID VIP Team Musician Tax Program**

Okay everybody...

One of the major areas we have seen artists need help with is the business side of the industry. The first area we want to tackle is your taxes as per the Canadian Revenue Agency; you are entitled to deduct a reasonable portion of your expenses directly related to earning self-employment income. As a musician you run a business. Most musicians are not filing as having self-employment income and are missing huge deductions and money that is owed to them. The Canadian Government and the Canadian Revenue Agency even acknowledge that a musician's business is very different from other businesses and have special deductions and rules accordingly. As such, here are some of the standard categories and applicable calculations to use to generate your business portion of expenses:

### **Entertainment:**

- Includes meals, liquor and any other entertaining costs you incur while attempting to earn business. These must be business related meetings and gatherings where the focus is on generating revenue or dealings with your business. Eligible deduction is 50%. You must have both total & deduction. You should have the names of key people attending those meetings and gatherings on the receipts.

### **Travel:**

- Includes 50% of meals, flights/transportation, accommodation for any trip to do business or attend any meeting where it is not reasonable to return home the same day.

### **Automotive:**

- Includes the following:

Fuel & oil, fluids, etc

Repairs

Maintenance

Insurance

Parking

Registration

License

Autoclub

Interest

Car washes

If car is owned: date purchase, price and any finance terms are important to have available.

If car leased: date of lease and lease terms are important to have available.

PLEASE NOTE: The amount that you can deduct for automotive is a calculation based on business kms driven divided by total kms driven in the year. You should have a kilometer log recording your kms driven as well as the starting odometer reading on January 1 and the ending odometer reading on December 31.

**Supplies:**

- Includes any office supplies, printer cartridges, etc including any purchases like printers, cords, etc that are under \$250 directly related to your business. Stag clothes worn for performances can be expensed including any repairs, alterations, and cleaning of clothes. A portion of your “performance” wardrobe can be deducted each year. Please keep in mind that they should be clothes that are very much stage wear and not your everyday wardrobe.

**Postage & Shipping Charges****Cell Phone, Phone & Internet:**

- Business use... must include both totals

**Bank Fees:**

- Business portion... must include both totals

**Interest:**

- Any interest paid on loans to conduct business.

**Business Use of Home:**

- If you rent or own your home you are eligible to deduct a reasonable portion of expenses related to the space you use in your home to do business. Eligible expenses include:

- maintenance
- home & content insurance
- rent or mortgage interest
- condo fees, special assessments
- cleaning supplies
- Property taxes
- Utilities (heat, electricity, water, etc.)

\* Calculated as business area/total area as a ratio of square footage.

**Accounting and Legal Fees:**

-Any accounting or legal fees pertaining to the business.

**Music Related Expenses:**

Eligible expenses include:

- instruments & accessories (must be itemized separately)
- portion of sheet music, scores, scripts and transcripts
- instrument repairs
- computer equipment, software related to composing, etc.
- insurance premiums on musical instruments
- agents commission
- cost of makeup and hairstyling for public appearances
- cost of photographs
- cost of videotaping or recording performances
- recording time
- CD production, duplication, etc
- music lessons
- coaching

**Revenue:**

- You must account for all revenue you generate during the year from gigs, cd sales, etc. ID VIP Team now pays through PayPal to ensure all artists provide detail invoices including:
- the name and date of the event they performed at
- the function: acoustic act, DJ, stage manager, etc
- PayPal provides you with a summary of your invoices for the year in one easy platform

Please note: You need to have record of all invoices and any receipts that you claim as an expense. It is recommended that you categorize them and they must be kept for a minimum of 6 years by law.

ID VIP Team has partnered up with Dorward & Company Chartered Accountants to help provide our artists with assistance in this area. The firm has offices in Edmonton and Calgary and will be providing a discounted rate on tax returns for our Guest Performers. ID VIP Team will be paying for the tax return preparation fees for our Core Performers going forwards.

For further information on the firm:

<http://www.dorward.ca>

Please feel free to contact me directly if you have any questions or concerns.

Sincerely,

Brian T. Ho | General Manager

ID VIP Team Corp | Sun, Snow & Our Show Concert Series Ltd

Westrax Entertainment | Hot 107 Mobile Mix