

NOTES FROM:

(ARTIST) LIFE SCHOOL

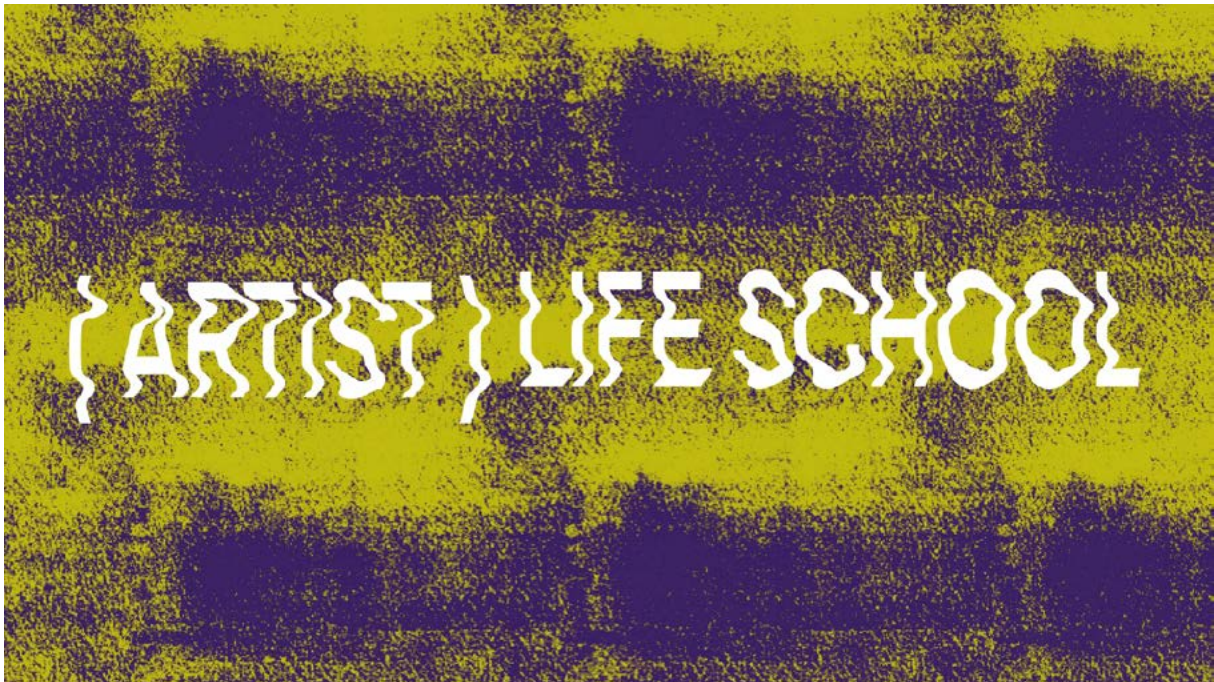
**TAX FOR CREATIVES WITH
MARGOT VAN DE WATER ON
31 MARCH 2022**

**THE
PHYSICS
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CONTEMPORARY ART SPACE

NOTES FROM (ARTIST) LIFE SCHOOL: Tax for Creatives, with Margot van de Water on 31 March 2022



Design: Annamieke Montagne.

With the end of another tax year approaching some of us are probably asking, what does that even mean? It's not hard to be intimidated by taxes looming: it feels like a topic we're supposed to know about, but for most of us this is a subject that we haven't been formally taught. This session is about freeing us from the anxiety often associated with taxes, providing clarity, and answering questions relevant to tax and creative practice. Margot van de Water will be leading the discussion, sharing her insights on the wide world of taxes, with a focus on what creatives should know in relation to their careers within the art world.

Please note: these notes are accompanied by a series of slides as well as live video recording of the talk, available via the links below:

Livestream: <https://fb.watch/cjj8fllPMT/>

Slides: <https://physicsroom.org.nz/events/artist-life-school-taxes-for-creatives-with-margot>

TAXES FOR CREATIVES

- Defining taxes: We can look at them as an agreement that we're all a part of with the government.
- Viewing at surface level we may think "why do I need to give up some of my money?", but consider what our taxes are used for and the ways they benefit the community, i.e. public infrastructure- roads, bike lanes, walkways, maintenance of these spaces. Social economic support for under privileged people.
- Defining income:
 - » (Part C of Income Tax Act), money earned through intentional action to make profit.
 - » Salary and wages, contracting, selling goods and services, trading investments- including land.
- Defining expenses:
 - » (Part D of Income Tax Act), Anything you spend money on that contributes to your income.
 - » Self employed and contracted workers can make tax claims on expenses.
 - » Any consumable equipment can be claimed in full.
 - » Bigger investment pieces (over \$500) can be split up into percentages and claimed over a few years. -this is because these expenses will bring in income over an extended period, rather than immediate gain.
 - » Claims can be made on work spaces as well, i.e. home office, studio/ workshop, power and wifi for these spaces. You can also claim for items used within that space, such as toilet paper, soap. For all of these expenses you would need to work out the percentage used for work (an example of this is, working out the size of the home office and splitting the rent based on that, looking at how many hours you use the internet for work purposes,

and so on).

- » Driving is also an expense. Claims for this would be based on the kilometre rate. Ubers and taxis to meetings also count.
- New Zealand uses progressive tax rates, meaning that the amount of money you earn determines the amount of tax you pay. (an easy google can help you find the rates).
- Calculations:
 - » $\text{your income} - \text{expenses} = \text{net profit}$
 - » $\text{net profit} \times \text{progressive tax rates} = \text{income tax liability} - \text{any tax already paid}$
 - » The final calculation is the amount you need to pay to IRD.
- If you aren't able to make full payment of your taxes on time let IRD know. You can contact them and ask to make a payment plan. There are penalties and interest for late/underpaid taxes, so make communication to save this from happening!
- Make a separate bank account for business. This will make it easier for you to keep track of expenses and income.
- Do a bulk transfer from your business account to your personal account to keep it separate from business expenses. Ie: groceries, rent and other personal expenses. Keep your business account for business income/expenses only.
- You can take photographs of receipts and keep those instead of paper receipts for your records. Keep them for 7 years in case of auditing.

ABOUT MARGOT VAN DE WATER

Margot van de Water is a Chartered Accountant with a breadth of experience in finance and business advisory services across organisations in charity, social enterprise, and for-profit environments. She sits on the Board of Trustees for The Physics Room and is an advisory board member for Wā Collective. Margot is also an actor, graduating from NASDA in 2014, and now works in theatre projects in Te Whanganui-a-Tara Wellington.

ABOUT (ARTIST) LIFE SCHOOL

(Artist) Life School is a series developed by Audrey Baldwin for The Physics Room. It brings together contemporary artists to further develop professional skills, and sets out to answer the curly questions around maintaining a practice out in the world. Ideal for recent graduates and emerging artists, each workshop hosts an industry professional to discuss the realities of making, resourcing, and showing your work. This is the fourth in the (Artist) Life School series.

This event is supported by Christchurch City Council / Toi Ōtautahi.