Tax & Musicians

HOW I LEARNED TO STOP WORRYING AND LOVE THE NUMBERS.

The following is a simple guide on how to approach the numbers side of the music business and how to help you help yourself when it comes to running your business. This guide has the following sections:

1. Your Situation

As musicians find themselves in such a wide variety of positions from playing backrooms for beers (common) to touring the world with Pearl Jam (uncommon) giving general advice is quite difficult. However, in this guide we've attempted to cover a variety of situations and give you some basic information to arm yourself with.

General points

• *Bank account*

When starting a new business (regardless of the structure) it is important to establish a new bank account for this business. Use this account for all business transactions and only business transactions. This is beneficial because it means you make record keeping simple with only one source of information required. It also helps you to keep track of how the business is going.

• *Private health insurance*

If you don't have private hospital cover then you might be liable for extra tax in the form of the Medicare Levy Surcharge. This is a charge of 1% on taxable income for each year you don't have private hospital cover when you earn over a certain amount. Check online to see what the current threshold is.

• *Centrelink*

If you're on benefits and your situation changes you must let Centrelink know otherwise you may not just be liable to repay benefits, but you may also incur interest charges.

• *Advice*

It is important to get professional advice once things get going. This means speaking with a lawyer and an accountant with music industry experience. Ask people you trust for referrals or check in with industry bodies.

• *Contracts*

Try to ensure that all contracts have right to novate your services and creative rights and the right to audit/review (speak to your lawyer about this). This could save you mucho dollars in later years.

• *Less is more*

Don't feel the need to establish a company when you're only turning over $5,000 a year. Talk to an accountant about a structure that suits your current needs and has room to grow, but isn't overly complicated and expensive to establish and maintain.

2. Structures

A ‘structure’ refers to the type of entity that you operate your business through. There are a few different options available, each with their own strengths and weaknesses.

Sole Trader

What is a sole trader?

A person who wishes to start a music business can simply trade under their own name. All income & expenses for the music business will go in the section ‘Net income or loss from business’ in your individual tax return.

Set up Procedure

- Register for an ABN
- Register for GST (if applicable)
- Register for PAYG (if applicable)
- Register a trading name with the state authority (if applicable)

Advantages

- Simple
- Minimal compliance
- Lower maintenance cost
- Capital gains tax discounts
- Total control of assets
- No set-up costs

Disadvantages

- No asset protection – individual person is liable
- The structure has limited life as on the death of the individual the investment must change hands
- Taxed at your marginal rates
- Inflexible tax planning
- Restrictions on superannuation contribution. First $25,000 is deductible assuming less than 10% of taxable income comes from being an employee. Must notify your fund that you are claiming tax deduction.

Compliance Requirements

- ABN registration – compulsory
- GST registration – compulsory if turnover is over $75,000 (registration is voluntary if less)
- BAS – monthly or quarterly (if GST registered)
- Tax Return – yearly
- Financial Records – income and expenditure statements

General Comments

This type of structure is suited for someone with little or no assets and is starting out in business with little turnover. The income tax is either paid at the end of the year after lodgement of tax returns or paid through an Instalment Activity Statement (IAS) during the year and an adjustment at the end. Tax is paid on net profit, not what you draw out of the business.
Equipment, public liability and other indemnity type insurance is recommended.

Partnership

What is a Partnership?

Two or more people can enter an agreement (either verbally or under contract) to enter into a business and share in the risks and profits. This is a typical structure for a band just starting out.

Set up Procedure

- Register partnership for TFN
- Register partnership for ABN
- Register for GST (if applicable)
- Register trading name with state authority (if applicable)
- Partnership agreement (if applicable)
- Register for PAYG-W (if applicable)

Advantages

- Reasonably simple
- Minimal compliance
- Low – medium maintenance costs
- Income splitting
- Minimises workers compensation and superannuation
- Net profits/losses pass through to partners to return in their tax return

Disadvantages

- No asset protection – partners are jointly and severally personally liable
- Partnership splits income at the same ratio each year per the partnership agreement
- Joint tenant partners cannot dispose of their interest separately
- Tenant-in-common partners do not have any right of survivorship

Compliance Requirements

- ABN registration – compulsory
- Tax File Number registration – compulsory
- GST registration – compulsory if turnover is over $75,000 (registration is voluntary if less)
- BAS – monthly or quarterly (if GST registered)
- Tax Return – Yearly
- Financial records – Balance sheet and profit and loss

General Comments

This type of structure is suited when two or more people enter into an agreement to run a business or investment which enables the profits to be split for tax planning. The income tax is either paid at the end of the year after lodgement of tax returns or paid through an Instalment Activity Statement (IAS) during the year and an adjustment at the end. The partners take drawings as opposed to wages from a company, but these drawings are not considered a deduction to the partnership, merely an advance on net profits. However, as each partner is jointly and severally liable for the debts of the partnership, the partners should be mindful of asset protection.

The net profit/loss for the partnership each year is passed straight through to the partners and assessed in their individual tax returns.

The partnership itself doesn't pay tax.

Equipment, public liability and other indemnity type insurance is recommended.

Company

What is a Company?

A company is a separate, legal entity. It is 'managed' by its directors and is owned by the shareholders. The shareholders liability is limited to any amounts that may be unpaid for their shares.

Set up Procedures

- Purchase a shelf company or establish a new company
- Register for ABN
- Register for TFN
- Register for GST (if applicable)
- Register for PAYG-W (if applicable)

Advantages

- Limited liability
- Corporate tax rate lower than the top individual marginal rate (30% vs 46.5%)
- Flexible in distribution of income, with some restrictions in case of Personnel Services Income entities
- Tax paid by company is credited to shareholders when profits are paid out via dividends
- Superannuation contributions deductible up to age base limits

Disadvantages

- Cost of establishing and maintaining is higher
- Director's potential liability in case of negligence or insolvent trading
- Compulsory Workers Compensation on wages drawn
- Superannuation contributions are required on wages paid
- Losses cannot be distributed to shareholders
- More compliance issues – accounting standards, ATO, and ASIC
- Capital gains are not concessionally taxed

Compliance Requirements

- ABN registration – compulsory
- Tax File Number registration – compulsory
- GST registration – compulsory if turnover is over $75,000 (registration is voluntary if less)
- BAS – monthly or quarterly (if GST registered)
- Tax Return – Yearly
- Financial records – financial accounts balance sheet and profit and loss in required format
- ASIC annual return yearly and other changes (eg. address changes, director changes, etc)

General Comments

This is a popular structure and a natural progression for people running a business where there are third party contractual arrangements including employees. The structure provides asset protection and allows for effective tax planning, but has strong, and sometimes complex, compliance issues.

Trust*

What is a trust?

A trust is a fiduciary relationship in which a person or company is the holder of an interest in property but is subject to an equitable obligation to use or keep the property for the benefit of another person or for some commitment object or purpose.

In English? A trust is an entity that can conduct a business and hold onto assets (example: copyright) on behalf of someone. The trust isn't a legal entity as such so it needs someone/something to act on its behalf much the same as an underage child can't enter into legal contracts on its own. This is known as the trustee and typically it's an individual or a non-trading company.

Set up Procedure

- A settlor (typically an accountant or lawyer) creates a trust deed
- Establish a trustee to control the trust
- Register ABN
- Register for GST (if applicable)
- Register for PAYG-W (if applicable)

Advantages

- With a corporate trustee – limited liability
- Asset protection – Assets sheltered within the trust
- Flexible tax planning with ability to distribute income and profits to family and other entities
- Distributions from trust do not attract Workers Compensation and Superannuation Guarantee Charges
- Capital gains tax discounting flow through to beneficiaries
- Can distribute to a Company utilising the Company tax rate (restrictions apply)

Disadvantages

- Cost of maintenance
- Constantly changing legislation
- Tax is paid at the beneficiary's level hence losing the 30% company rate
- Loses the land tax threshold if it owns property

Compliance Requirements

- ABN registration – compulsory
- Tax File Number registration – compulsory
- GST registration – compulsory if turnover is over $75,000 (registration is voluntary if less)
- BAS – monthly or quarterly (if GST registered)
- Tax Return – Yearly
- Financial records – Financial accounts balance sheet and profit and loss statement

General Comments

Most businesses which use a discretionary trust are after asset protection and require the flexibility of distributing to various different entities for the tax effective flow of income and related tax.

Assets are often accumulated in a discretionary trust so as to keep these assets separate from the trading company that deals with the clients or customers. In the case of musicians, copyright is often assigned to a trust and a separate company is used for touring.

* this summary is referring to a discretionary trust. For information on a unit trust or hybrid trust, please contact an accountant.

3. Registrations

When you start a business you are required to register your intentions with a few different government bodies. This is a very simple and straightforward procedure, but it is important it gets done right at the beginning.
Australian Taxation Office

- *TFN (Tax File Number)*

Most people will have one of these already. It's your primary identification number with the tax department. In addition to individuals, all entities that lodge tax returns must have one and this can include partnerships, trusts, and companies.

- *ABN (Australian Business Number)*

This is the number issued to all entities carrying on a business in its own name. This covers sole traders (individuals), partnerships, trusts, companies, etc. This number needs to be shown on the invoices that you issue. Avoid the common mistake of unintentionally registering for GST when applying for an ABN. Note that people under 18 are unable to register for an ABN.

- *GST (Goods & Services Tax)*

If your business has a turnover in excess of $75,000 you must be registered for GST. This means you will need to charge GST on your invoices and lodge a quarterly Business Activity Statement (BAS) to report the GST you have collected/charged and the GST you have paid - you then have to return the net difference to the ATO. See section 5 for more information.

- *PAYG Withholding*

This is the tax withheld on wages paid to employees. If you employ people in your business you generally need to withhold tax on their behalf and return it to the ATO periodically. Typically this forms part of your quarterly Business Activity Statement (BAS) reporting. Note that if you employ people you will need to make superannuation contributions on their behalf to the value of 9% of their gross wage. These contributions need to be made quarterly.

Department of Fair Trading

- *Trading name*

If you have a unique business name you wish to register you must do it with the Department of Fair Trading. For a small fee they will register a business name to a particular entity (that might be an individual, trust, company, etc.). This registration lasts for three years after which time you will need to renew the name in order to keep it. It isn't compulsory to register a trading name, but it does protect your name from someone else coming in and trading with it. Note that this is a state registration and doesn't cover you on country-wide level. Also note that a trading name is different to a trademark (see your lawyer if you have any questions regarding trademarks).

APRA

- Once you've written a song it's really important to register it with APRA. This will ensure that the writer/s can get paid when the song starts getting some public airing. If you have co-writers you will need to discuss who gets what % of each track and then submit this to APRA.

- You'll need an ABN when you register a track with APRA. It isn't compulsory, but if you don't do it and you earn more than $500 in royalties in a year then they will withhold tax at 46.5% from any royalty payments. You can get this back as a tax credit when you do your tax return, but it is definitely better to just provide them with the ABN and avoid the hassle.

- If you are registered for GST you must let APRA know so they can pay you properly.

- APRA royalties must be paid to an individual – they can't be paid/taxed in any other entity, even if that entity is controlled by the individual. This can cause headaches when it comes to tax planning. Whilst it's great to get a fat royalty cheque, the tax bill that follows shortly after isn't so desirable. Be sure to keep in mind that any APRA income doesn't come taxed (with the exception of foreign royalties – see section 9) so be sure to keep a little bit aside for tax time.

4. Record Keeping

The importance of good record keeping cannot be understated. It's the difference between a painless (and relatively cheap) tax experience each year and a horrible pain-filled experience (for both you and your accountant).

The record keeping requirements will vary depending on your structure and your business. Substantiation refers to the ability to 'back up' your income and expense claims. A summary (Excel, MYOB, etc.) is great when it comes to preparing financial statements and income tax returns, but the original invoices are still required for the claim to be allowed and should be kept for a period of 5 years after lodgement of the relevant tax return in case of tax department audit.

Simple?

- Would be suitable for a sole trader (eg. part-time DJ, or session musician)
- Excel spreadsheet detailing all income and expenses with the following info:
- Date of invoice
- Description of invoice
- Category of income or expense
- Amount (if GST registered you will need to show gross, net, and GST amounts)

Things starting to pick up?

- Now, generally people who create amazing music do not create amazing financial records. It's for this reason that it's probably best to hire someone to keep records for you. Bookkeepers don't just keep track of your income/expenses and maintain it all in a neat & tidy format, but they can also prepare & lodge your quarterly Business Activity Statement, maintain your payroll and liaise with your accountant. Most people in business agree – a good bookkeeper is money very well spent.

Other things to know

- Travel! Fact: Most musicians travel for work. Fact: Most musicians keep terrible records whilst on the road. Depending on your structure the ATO allows a rate per day deduction and these rates can be quite generous, but to be eligible you must keep a travel diary and it must be include the following information:
- Dates
- Location
- Reason for being in that location on that day (eg. meetings, rehearsals, gig, travel day, etc)

Motor vehicle

- There are several methods the ATO allows for claiming motor vehicle deductions. The two most common are:
  - Set rate per km – this is the simplest method. Allows claims up to 5,000km without document substantiation using a cents per km travel rate established by the ATO based on the engine capacity of your motor vehicle.
  - Log book – a log book is kept for a continuous period of 12 weeks and is valid for a period of 5 years. The log book documents all travel in the vehicle in question and at the end you'll have a business-use percentage. This percentage is then applied to all motor vehicle expenses to see what is deductible and what is not. For this reason it makes sense to create the log book during a period when you are doing a lot of work-related driving.

Another point to note with motor vehicles is that vehicles considered commercial in nature are generally 100% deductible and don't require a log book to be kept. Commercial vehicles include those with a carrying capacity of one tonne or more and those that seat 9 or more passengers.

5. Goods & Services Tax AKA GST

The Goods & Services Tax came into effect on 1 July 2000 and can be a real pain if not managed properly. Your business is required to be registered for GST if the turnover is $75,000 or more.

If you are registered for GST you are required to report your sales/expenses and the associated GST that you've collected/paid each quarter on your Business Activity Statement (BAS). The BAS is relatively simple to complete and your accountant will generally reconcile what was lodged during the year when they do the year end tax work to ensure it's been done correctly. If you've collected more GST than you've paid then you'll need to pay the net amount to the ATO when you lodge the quarterly BAS. This is the typical situation for businesses turning a profit. If you're running at a loss, or if you've just bought a large new asset such as a car, then you might have actually paid more GST than you've collected and will be due a refund from the ATO for that particular quarter.

The key thing to note as a business registered for GST is that it doesn't cost you anything (asides from paperwork related headaches), in fact, it can actually be of benefit. How so?

Example

- Say you are not registered for GST and you play a gig for $1,000 and you then have venue costs of $550 (that's $500 plus GST as the venue is registered for GST and is obligated to charge it). You walk away with $450
- Now, if you were registered you would have charged $1,100 for the gig (being your fee of $1,000 plus the 10% GST of $100). Your expenses are still $550 (including GST). You have net cash in your pocket of $550. However, this is before you do your BAS for the quarter. On the BAS you put down the $100 you charged in GST and you put the $50 you paid in GST. This means you will have to pay the ATO $50 as this is the net difference in collected vs paid. After this is paid you walk away with $500. That's $50 more than if you weren't registered for GST.
- Why are you getting more? Simple – if you're registered you can get a refund/credit for the GST you are paying to suppliers, but if you aren't registered you don't.

So, to summarise, the person in the supply chain who isn't GST registered is considered the 'end user' of a product/service and it is them who actually pays the tax. If you're registered you're merely a collection point, it doesn't actually cost you anything.
If you need to be registered for GST it is strongly recommended that you have a computerised record keeping system in use – either by yourself or a bookkeeper – such as MYOB or Quicken. This keeps everything neat and tidy and means preparing the quarterly BAS is very quick and easy. It also makes the year end tax work much simpler. The person doing the bookkeeping needs to have been trained in the relevant software– a messy MYOB file can sometimes be worse than no MYOB file at all.
Note: The above refers only to quarterly BAS reporting as this is the most common type of reporting for musicians in business. It is possible to be registered for annual reporting if your turnover is quite low. Likewise, it is possible to be registered for monthly GST reporting if the business turnover is very high.

6. The Tax Department Likes ... You?

Believe it or not, the ATO understands that the music business (and all artist industries) can be tough and unpredictable. In light of this they offer some concessions to assist you along the way. There are also some general small business concessions available.

Special Professional Income Averaging Offset

The ATO acknowledges that artist income can vary quite significantly from year and this offset helps to stop you paying no tax in one year and then excessive tax the next. The actual calculation is quite complex, but essentially it takes all an average of 4 years worth of artist income and you then pay tax on that. So if you have steady years the offset doesn't have much of an effect, but if you have quiet years and then good years you will see significant savings.

Non–Commercial Losses

Typically losses generated by an individual or partnership in business where the gross income (before deductions) is under $20,000 are not tax deductible – this means that the losses are 'quarantined' and carried forward to be used in future years when the business generates profits. However, there are ways around this.

Assuming you earn less than $40,000 from other sources (eg. working at a pub, reception work, etc.) and the loss has been generated by a Professional Arts Business (as is the case for a musician) then you can claim the loss as a deduction in the year you incur it. Why care? Typically in the early years you'll be making losses in your music business and working another job to pay the bills. This other job has PAYG tax being withheld by your employer and the ATO. If you can claim the loss from your music business it works as a deduction against this other job and you might be able to get a tax refund or at least reduce any tax payable.

Entrepreneurs Tax Offset (ETO)

If your music business turns a profit you might be eligible for the ETO. This offset equals a 25% reduction of the income tax payable on the profits generated by your business. The ETO assumes you've earned a profit in your business and your profit is under $50,000. For profits $50,000–$75,000 the ETO is scaled down.

7. I'm With The Band

If you've started a band then there are a few financial things you need to be aware of right from the start:

• *Buying equipment*

Is the band buying the equipment or is the individual? Generally it makes more sense for the individual to own their equipment and not the band. This means the expense/depreciation claim is made by the individual. This helps to reduce arguments about what the band can afford (new drums vs PA vs guitar vs microphone) and makes it simpler if someone leaves the band.

• *APRA splits*

As soon as a song is finished the writing splits need to be decided upon and registered with APRA. This will determine who gets what % of the royalties for a particular track. Note that APRA royalties are paid direct to the individual and are taxable in the individual's name – they cannot be run through a trust/company/etc. See section 3 for more information.

• *Band agreement*

Very important. This covers things like:

- Exit procedures – what happens when someone wants out? (voluntary or forced)
- Entry procedures – what happens when you add a new member?
- Costs – who pays what? What is a band expense and what is an individual expense?
- Name – who owns the band name? What happens if that person wants to leave?

• *Management agreement*

It is important to get the management agreement between the band and management in writing and signed off. This is crucial in case of a relationship break down or 'creative differences' and also in identifying upfront what costs are to be covered by the manager and what costs they can get reimbursed by the band. It should also cover on what types of income commission is payable and whether the commission is calculated on gross or net income.

• *EMDG (Export Market Development Grant)*

Spending money travelling overseas to promote your sound? You might be
eligible to get some cash back from the government in the form of an EMDG grant. Check online for more information.

• *Other grants?*

There are many organisations that offer grants and support to musicians and bands alike. Some places to start looking include:

- Australia Council for the Arts
- MusicNSW (or the equivalent in your state/territory)
- Ministry for the Arts
- www.business.gov.au for general small business grants

8. Typical Income & Deductions

Income

- Advances and royalties – publishing, mechanical, etc.
- Live performance – tours, in-store, televised (guest appearances), etc.
- Synch licensing
- Merchandise
- CD/vinyl sales at gigs/online
- Grants

Deductions

- Assets
  - Generally those under $1,000 are deductible in the year of purchase
  - Those over $1,000 will need to be depreciated over a number of years
- Costumes – note that this is for costuming only. Just because you wore those black jeans at a gig doesn't mean it is deductible. It needs to be show/stage specific.
- Education – music courses, singing lessons, small business lessons, etc.
- General business expenses
  - Bank charges
  - Accounting fees
  - Legal fees
  - Bookkeeping fees
  - Trademarks, registration fees, etc
  - Donations
  - Phone*
  - Internet*
  - Computer costs - printer ink, paper, etc.
  - Domestic ground transport - taxis, public transport, parking, tolls, etc.
  - Stationery & postage
- Insurance
  - Workers Compensation
  - Income Protection
  - Public Liability
  - Equipment
- Management commission
- Meetings – catering a business meeting is deductible, but going out to a café/restaurant is not. Also note that alcohol is never deductible unless it is a gift (eg. buying your manager's receptionist a bottle of wine for her birthday is okay, but the bar tab after a gig is not)
- Motor vehicle – it is generally a good idea to keep all receipts in relation to your motor vehicle in addition to a valid log book. This gives the greatest flexibility when deciding on what is deductible (see above in Section 4)
- Promotion – advertising, branding, giveaways, CDs, online presence (incl. website), etc.
- Recording costs – studio hire, producers, engineers, etc.
- Reference materials* – anything you may draw inspiration from. Might include concert tickets, CDs, records, DVDs, magazines, books, pay TV, theatre tickets, etc.
- Rent
  - Home - if you're renting your home and don't claim rent elsewhere (eg. studio) then you can claim a % of your rent and utilities (electricity & gas). The percentage is based on the floor space and how much is dedicated to your music business. A sketch of the floor plan will help here.
  - Studio – this might be a permanent setup you've got or just a week at Troy Horse
- Storage – for your equipment
- Tour costs
  - Flights, accommodation, visas, meals & incidentals whilst away from home, etc.
  - Musicians, lighting, sound techs, guitar techs, FOH, tour manager, door bitch, etc.
  - Advertising, venue hire, insurance, merchandise, etc.
  - Car hire, drivers, petrol, freight costs, backline hire, etc.
  - Agent commission

* % will need to be taken out for personal use

Notes

- Be aware there is a difference between a business expense and a tax deduction. Just because something is an expense of the business, doesn't mean the tax department will allow you to claim a tax deduction for it. A good example of this is buying drinks at gigs.

• The general thing to know is there needs to be a direct 'nexus' between the expense and the income received. Going overseas to check out other bands doesn't directly link to income earned, but travelling for a tour does.

• Everyone talks gross, but you really need to know about net. Be aware that a $100,000 tour deal, after commissions, insurance, venues, travel costs, sound, lighting, crew, etc, might become a $10,000 deal (or even a loss) in the blink of an eye. Being aware of the true costs involved in your business will help you to run your business more effectively.

• Put money aside for tax (both GST and income tax). Set up a separate savings account and put the GST you receive on income as well as a reasonable percentage of your gross income into this savings account so that when it comes time to pay your quarterly BAS or your annual income tax bill you'll have the money set aside.

• Most people get into music because they love it, but you should always remember that it's the music business and it is, first and foremost, a business. You have a much greater chance at longevity and success if you are business aware.

9. International Issues – We're Huge In Japan!

Making and spending money overseas most definitely has an impact on your Australian tax and it can be quite a complex area. Here is a rough overview of the basics you should know, but if you're dealing with substantial amounts of foreign income or expenditure you should seek professional advice.

Income

Typically income earned overseas comes in two types – royalties (passive income) and performance income (active income). Here are a few things you should be aware of when earning international income:

- Withholding tax – most foreign income will have a certain amount held back by whoever is paying you (venue, promoter, label) and returned to their local tax authority. This means you only receive in cash the net amount. Typically this will be a flat % rate. This amount that is withheld can then be used as a tax credit when doing your tax back here in Australia.
    - Example: You do shows in Canada and your fee is AU$100,000 (ignoring costs for now) and the agent advises you they will be withholding 30%. This means you walk away with $70,000. Now, when you do your Australian tax return you will actually show that you earned $100,000, because that was your gross fee, but you will also get to put in your tax return that you've already paid $30,000 in tax on this amount.
    - Withholding tax isn't so much of a 'tax' as such. It's more like forced savings until you do your tax return here in Australia – look at it more of a cash flow inconvenience than a cost. This assumes you will be paying tax in Australia in that particular year.
    - One important thing to note – you cannot get excess foreign withholding tax credits refunded. What does this mean? If you have a bad year and aren't actually due to pay any tax here in Australia then you lose the credits. In the above example this could cost you $30,000 in real money.
    - Generally try to minimise any withholding tax – before going overseas, talk to your manager, agent and accountant about ways to do this.
- Double Taxation Agreements – or DTAs as they are affectionately known, are agreements that our government has with other governments around the world to cap the withholding amounts (as explained in the above example). So you might be eligible to pay less withholding tax upfront depending on what country is paying you.
- Entertainers – please note that there are special rules regarding income earned in foreign countries by entertainers which you need to be aware of before heading off to perform overseas.
- Foreign income tax returns – you may be required to lodge a tax return in the foreign country you are performing in and in some cases this might prove to be beneficial (in the above example you may be able to get the foreign withholding credit refunded earlier than you would have if you waited to do your Australian tax return).

Expenses

- Just like any expenses (as explained in Section 8) – if they are directly connected with earning income then you will most likely be able to claim them as a deduction in your Australian tax return. The tax laws don't really differentiate between domestic and international expenditure. As with any expenses make sure you keep good records.
- Promoting your work overseas and doing showcases? Keep very good records as you may be eligible for an EMDG (see above in Section 7).

Other issues

• Some promoters (I'm looking at you, United States) like you to have a locally incorporated entity (company) to tour with. This way they don't have to deal with a foreign entity when they tour foreign artists. This is fairly common, however don't let them bully you into anything. Having one of these companies can be expensive – both to establish and maintain – and are only worthwhile if you tour that country a lot. There are accounting firms in these countries that offer the use of their own companies to provide this service which keeps the promoters happy and it minimises your costs. Talk to your manager or accountant about this.

Final point to note

With all international tax issues it really is best to speak to a professional advisor as the matters that require consideration are quite complex.

10. And Finally ... Some Useful Contacts And Links

- The tax department website is a surprisingly useful resource
www.ato.gov.au

- The Australian Business Register is where you can register for an ABN (and do a business name search)
www.abr.gov.au

- Looking at an Export Market Development Grant?
www.austrade.gov.au

- For more information on companies try the Australian Securities & Investments Commission
www.asic.gov.au

- Fair Trading has a lot of useful information on starting a small business and it is also where you register your business name. This link is for NSW. Ask Google about Fair Trading in your state or territory.
www.fairtrading.nsw.gov.au

- APRA | AMCOS – become a member, check your royalty statements, register a new song, etc.
www.apra-amcos.com.au