

IT 124 - Expenses incurred by professional entertainers



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TAXATION RULING NO. IT 124

EXPENSES INCURRED BY PROFESSIONAL ENTERTAINERS

F.O.I. EMBARGO: May be released

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PROFESSIONAL
ENTERTAINERS
ENTERTAINERS
TRAVELLING EXPENSES
EXPENDITURE INCURRED

51(1)

PREAMBLE Representations were made concerning the taxation treatment of expenditure incurred by professional entertainers in the course of deriving income.

RULING Travelling Expenses

1. It has been established by decisions of the High Court that expenses incurred by a taxpayer in travelling between his home and the place at which work is done are not allowable deductions. Deductions are allowed however, for costs incurred in travelling between one place of employment and another. Notwithstanding the general rule which applies to travel from a taxpayer's home, it is not proposed to disturb the long-standing practice of allowing half the cost of travelling where a performer is obliged to transport bulky equipment not capable of being conveniently carried by hand to the place of performance. It has also been decided to allow deductions for travelling costs in the following circumstances:-

- (i) where an artist travels inter-state for auditions and interviews;
- (ii) where an artist accepts a casual engagement which necessitates absence from home overnight; and
- (iii) where an artist on tour meets the cost of travelling from place to place while absent from his usual place of abode.

On Tour Accommodation Expenses

2. Deductions are allowed for living expenses incurred by an artist who fulfils an engagement which requires him to live away from home continuously for the duration of the engagement.

Hair Dressing

3. In principle, deductions are allowed for hair dressing costs which could reasonably be regarded as incidental to the derivation of income. The practice of allowing female artists a deduction of half the total cost of hair dressing actually incurred will continue in the absence of details supporting a larger claim. Male artists will also be allowed hair dressing costs if distinctive hair styling is essential for his income producing activities. If this test is satisfied, half the total cost will be allowed as a deduction in the absence of full details.

Telephone

4. Half the cost of local telephone calls will be allowed as a deduction. Other calls (inter-state and inter-state) will be allowed in full on receipt of satisfactory evidence of the cost incurred and the purpose for which the calls were made. The cost of telephone rental will not be allowed.

Professional Journals and Magazines

5. Deductions for these expenses are allowable in full. If more than small incidental expenditure is claimed, details will be required. Generally, the cost of newspapers will not be allowed.

Photographs, Publicity, Stationary and Postage

6. These expenses are deductible in full.

Make-Up

7. Make-up used exclusively by males and females for stage appearances will be allowed in full. In the absence of full details, the present practice of allowing female artists half the cost claimed will be continued. The cost of beauty treatment, sauna baths and the like are not allowable.

Attendances at Stage and Film Performances

8. The cost of the artist's own attendance at a first night stage performance will be allowed in full in addition to half the cost of attendance at other shows. No deduction will be allowed in respect of tickets for members of the artist's family or guests.

Depreciation of Equipment

9. Half depreciation (or half rental) of television sets will be allowed where the taxpayer concerned is an actor, author, director or producer and the use of the set is related to his professional activities. Full depreciation will be allowed on tape recorders etc. where the same condition is satisfied.

Entertaining

10. Deductions under this heading will be allowed only where the expenditure is shown to be relevant to the income producing activities carried on and full details are supplied.

Clothing and Dry Cleaning

11. It is the practice to allow deductions in full for special clothing which is used exclusively on stage. Deductions are also allowed to television personalities, public entertainers, mannequins etc. for part of the extra cost of conventional clothing used in performances. In some instances in the latter category, it has been accepted that half the cost of extra clothing should be allowed as a deduction. Dry cleaning and laundry charges are allowed on the same footing as clothing.

12. The information set out above is necessarily expressed in general terms and is intended merely to indicate the broad basis on which deductions will be allowed. As mentioned earlier, each case depends upon its own particular facts and it rests with the individual concerned to establish his entitlement to the multiplicity of claims usually made by artists against assessable income.

COMMISSIONER OF TAXATION