

3 Individual artists

Individual artists can seek donations for their projects, but may not have the skills or information to maximise their funding potential. To date, Artsupport Australia has mentored over 200 artists to discuss their funding needs and help determine their potential for philanthropic support. Artsupport Australia staff can work with you to:

- help identify suitable philanthropic trusts and foundations, and provide feedback on applications to them
- help identify potential individual donors, and discuss strategies for seeking their support e.g. major gifts and/or fundraising events
- refer them to appropriate others for advice and resources.

Unlike organisations, individual artists cannot apply for endorsement as a deductible gift recipient (DGR) or tax concession charity (TCC). This does not mean you can't receive philanthropic donations, but means your donors are not entitled to claim a tax deduction for their donation unless there is some alternate means of facilitating this. The Australia Cultural Fund may be able to assist with this.

Australia Cultural Fund: a service for individual artists

Individual artists are unable to secure DGR status from the ATO.

However through its Australia Cultural Fund (ACF), the Australia Business Arts Foundation (AbaF) is able to use its DGR to receive donations (from individuals) and grants (from foundations that do not require TCC) and pass them on to individual artists which meet AbaF's eligibility guidelines.

AbaF provides a tax deductible receipt to individual donors. AbaF has granted more than \$6million of tax deductible donations to the arts since 2001.

How does it work?

Donors (individuals) can make tax deductible donations to the ACF as long as they are not related to the recipient. Also, foundations that do not require TCC can make a grant to AbaF and express a preference for the cultural organisation or group to which they would like their donation granted. The AbaF board takes into consideration the preferences of the donors when making its grants.

AbaF only accepts cash gifts.

Registering with the ACF

Artists must meet the eligibility criteria and provide a summary of the project, its budget and timeline.

http://www.abaf.org.au/files/INDIVIDUAL_ARTIST_or_GROUP_OF_ARTISTS_registration_information_required.pdf

A simple budget template is provided for key income and expenditure items

http://www.abaf.org.au/files/Giving_and_donation_docs/Template_budget.pdf

AbaF runs regular workshops on the ACF process and its potential for you

<http://www.abaf.org.au/index.php?pageID=3053&action=events§ionID=1352>

To register for ACF donations

<http://www.abaf.org.au/index.php?sectionID=1354&pageID=4935&staticID=Register-for-ACF-donations>

Case Study: Glen Donnelly

Artsupport Australia has mentored many individual artists who have successfully used the ACF. This includes Glen Donnelly, a talented, young viola player, registered with the ACF, to receive tax deductible gifts. He has attracted the support of donors and philanthropic trusts, enabling him to study at the elite Royal Academy of Music in London.

http://www.australiacouncil.gov.au/philanthropy/case_studies/case_study_items/glen_donnelly

The business of being an individual artist

Determining whether an individual's artistic activity is a business or a hobby is important as it will determine the applicable tax framework. Indicators that help define business activity are:

- a commercial purpose
- an intention and prospect of profit
- active pursuit of artistic development and making the artistic work public
- membership of professional associations, and
- a planned and organised manner in which activities are undertaken.

If your business activity generates a GST turnover of \$75,000 or more, you must register for GST.

The income for business activities is assessable for income tax, and associated work-related expenses are deductible.

An artist classed as a 'special professional' (an artist, composer, writer—including a computer programmer—inventor, performer, production associate) may be able to average income over a number of years. This is particularly useful for emerging artists, whose early years are characterised by varying income.

To ensure that all tax entitlements are accessed, individual artists are encouraged to obtain sound tax advice.

ATO guidance: are you carrying on a business?

<http://www.ato.gov.au/businesses/content.asp?doc=/content/78548.htm>

Income averaging for special professionals ATO Guide

<http://www.ato.gov.au/content/downloads/IND00134503n24750608.pdf>

Artist career - a business information resource for individual artists

<http://www.artistcareer.com.au/index.php?sectionID=859&pageID=1272>