



# ACTOR TAX: EXPENSES

## AND A QUICK GUIDE TO SELF-ASSESSMENT

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## Disclaimer

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## Introduction

This guide is written to help you understand what expenses you may claim as an actor, performing artist or entertainer.

As a simple rule, you can allocate whatever costs you feel are incurred **wholly, exclusively & necessary** for your business.

However, not all of these costs may be allowable for tax eg. taking your agent out for a meal. Although this may seem like it's a cost as you are your business, this would be classed as entertainment expenses.

The main allowable costs are outlined below, but if you are not sure then you should consult with your accounting professional.



# Acting Expenses:

## Clothing Expenses

You can claim for some of your clothing expenses but only if they are being used for a theatre, film or TV performance. This is classed as 'costume' and therefore can be tax deductible. For example, if you are a TV presenter or interviewer you can claim for your corporate or business suit and any laundry and cleaning costs incurred for its upkeep.

If you work in role play and need a business suit or a certain outfit you can claim for that too.

If you are a professional costumed character or even a pantomime dame and create your own costumes, wigs and accessories, all these can be tax deductible.

The clothing that you are claiming for must solely be used for acting purposes. Don't forget that if you are reimbursed for expenses like this, that money must count towards your income.

If you are lucky enough to be in a huge blockbuster film and asked to attend a film premiere or promotional film event you will of course need to look your best as you are likely to be photographed for publicity purposes. You will no doubt need to buy an outfit for the event and this could be deductible. Get a copy of the photograph wearing the outfit at the event it was purchased for, this may help if HMRC decided to investigate as they have done in the past.

Unfortunately you cannot claim for clothing worn to an audition, which you may have purchased in order to make a good impression or to give off a certain look. Generally all other items of clothing will not be tax deductible.

## Research Expenses

Research expenses covers a lot of items of expenditure. Most actors have to do a great deal of research when it comes to working on a new character or project. This can include the cost of going to the theatre, opera, ballet, poetry readings or any kind of stage performance.

You can also claim the travelling costs used to get there. You can also claim for visiting the cinema, purchasing a DVD, buying films 'on demand', DVD subscriptions and even a movie channel subscription.

You can also include entry fees to galleries, museums, stately homes and visitor centres which are necessary for your research purposes.

Another deduction can be made on the purchase cost of written plays, biographies, texts, acting technique books and any books used for research purposes. Also any subscriptions to acting publications like The Stage or PCR are also allowable for tax purposes.

## Computer or Laptop Costs

If you purchase a computer or laptop you are likely to use it a great deal for your acting career. You will probably use it for researching roles, characters, browsing for auditions and castings, writing résumés, letters and emails, promoting yourself or even a show you are performing in, maintaining your acting website and spotlight profile and keeping up to date with what's going on in the acting world.

In this case it's possible to claim a deduction for a percentage of the purchase price of the laptop or computer. This will also apply to any software that you need, for example Microsoft Office or and security software. You can also claim for computer hardware such as printers and flash drives for backing-up your content. There is also a claim for consumables for résumés. This can also include i-pads and notebooks.

## Marketing Expenditure

Every actor needs to invest in self marketing. Some of the essential marketing costs which should be tax deductible include you Spotlight annual fee and any subscriptions to casting websites like Constant Casting, Casting Call Pro and Starnow.

The costs of hiring a photographer and getting headshots and photographs should be tax deductible but usually the cost is spread over a couple of years depending on how often you update your portfolio.

The cost of creating a voiceover CD or showreel should also be tax deductible and this cost, like your headshots is generally spread over three years.

Even you entrance fees for attending networking events like a Spotlight event or any actors' expo event should be deductible.

Don't forget that the cost of make-up and haircuts which are needed specifically for a photo shoot, film premiere or promotional event should also be deductible.

If you design a website to promote yourself as an actor, or hire a designer to do it for you, then any fees and annual domain registrations, ongoing maintenance or monthly subscription costs are tax deductible. Upfront design costs are not immediately tax deductible.

The cost of stationery, postage and computer consumables are also deductible.

## Travel Costs

Most travelling costs that you incur for acting related activities should be deductible. This can include travelling from home to any audition venues, rehearsals and any research trips that you carry out.

Costs may be train, tube, bus or taxi.

If travelling around London you can also use your Oyster card receipts or a percentage of your weekly or monthly travelcard if used partly for acting purposes. If you use another form of contactless card payment make sure these are highlighted on your bank statement.

Overseas trips may incur air or boat fares especially if you are filming or touring overseas. But there are complex rules if any family accompany you or there is a holiday element to your trip. HMRC do state that if the trip overseas is for business, like a film role, the minute you step into a duty-free shop it no longer becomes a business trip. Speak to your tax accounting professional regarding this.

If you happen to use a motorcycle, car or even a pedal cycle for any of your acting related travel, then there are two methods of claiming an expense.

The first method is to claim a fixed mileage rate, see table below:

The current approved mileage rates at present are:

	<b>First 10,000 miles in the tax year</b>	<b>Each business mile over 10,000 in the tax year</b>
Cars and vans	40p	25p
Motorcycles	24p	24p
Bicycles	20p	20p

The second method is to keep a record of all your fuel costs, repairs and servicing bills, MOT costs, insurance and tax, security, etc. and claim a percentage based on acting related mileage. Also, any parking fees or road tolls should be deductible.

If you happen to hire a car for this purpose and it is used exclusively for an acting related journey then this cost should be tax deductible. If it is also used for other purposes then you may only claim a percentage.

Either way, it is good practice to start noting down the mileage and purpose of every journey.

I have another information booklet that explains the difference between claiming expenses and claiming a fixed mileage, ask for details.

*NOTE: If you are working for a period of time at the same theatre then you travel to and from work will probably be classed as 'ordinary commuting' – this rule applies whether your contract is for 6 weeks or 6 months. Your 'normal' place of work is wherever you are spending the majority of your time, in this case the theatre. If you are performing a 'run' like this then your commuting expenses are probably not deductible, as with all expenses it is advisable you check with your accounting professional regarding specific travel expenses you are unsure about.*

## **Food and Drink Costs**

If you need to stay overnight for acting purposes, eg. you are filming on location, on tour or need to stay overnight before an early audition then reasonable food and drink costs should be allowable. Otherwise food and drink costs are generally not tax deductible.

Generally, as you are self-employed, food and drink during the day on journeys outside the normal pattern of work as well as dinner and breakfast when staying overnight is deductible.

## **Hotel Expenses**

Actors often have to stay in hotels, B&B's, digs and lodgings if they are away on tour, filming on location or auditioning or promoting themselves away from home. These accommodation costs should be deductible. Don't forget that the rules are more complex if your partners or family wish to accompany you on such trips or you extend the overnight stay for own leisure or holiday purposes.

## **Health and Gym Costs**

As an actor, it's important to keep yourself in good shape and looking good. It may be necessary for an actor to incur specific cosmetic surgery costs solely for the purposes of their career. Your agent may advise you to have your teeth whitened or even straightened as this could be holding back your TV or film career. Such expenses can be deductible but the tax authorities are quite strict in this area.

If you normally wear spectacles but the character you are playing doesn't wear them, then you may have to purchase and wear contact lenses, these could be deductible. Your monthly or annual gym costs should in general be deductible.

## **Training and Classes**

It's vital that any actor continues with training after graduating. The cost of attending regular weekly or monthly acting classes, workshops, movement or dance classes should be deductible. If you are a musical actor and have a singing or voice coach this cost should also be deductible. Even the cost of attending a full-time film or Shakespearian course should be deductible. Drama school fees may also be depending on the course structure and duration but the rules can be complex.

## Professional Subscriptions and Equity Costs

If you happen to have a membership with Equity then this should be a deductible cost. Also as an actor you may incur fees for certain tax accountancy and legal services. The costs of hiring an accounting professional or solicitor for any contract advice will also be deductible.

## Agent and Booking Fees

Your fees charged by your agent(s) are tax deductible. This will be the amount plus any VAT charged by your agent. Any booking fees should be deductible for actors. Booking fees charged when going to the theatre are also tax deductible.

## Working from Home

Some actors use part of their home for acting related activities, researching on the internet, researching roles, browsing acting publications for castings and auditions, telephoning and emailing your agent and any casting directors, applying for auditions, learning scripts, voice and movement exercises, etc.

This means that a percentage of all your household bills should be tax deductible. This will include rent, mortgage interest, utility bills, council tax, water rates, etc.

There is also a flat rate scheme that HMRC introduced if you are using simplified accounts and work more than 25 hours per month from home. Keep a record of how much time you spend on your acting related activities and using the table below, see which is more beneficial to claim.

<b>Hours of Business use per Month</b>	<b>Flat Rate per Month</b>
25 to 50	£10
51 to 100	£18
101 or more	£26

## Telephone Bills

If a mobile or landline phone is used solely for your acting related calls then the total cost of line rental and call costs should be allowed for. If a phone is partly used for acting calls then a percentage of the line rental and call costs will be deductible.

Most mobile phones come as part of a monthly package so an estimated percentage of a mobile all-inclusive package should be allowable.

## Office or Studio Costs

If you are an actor and happen to hire an office or studio space exclusively for your acting related activities then the rental costs and any associated utility bills and business rates should be allowable. If you purchased the property, then the mortgage interest and associated costs should be allowable.

## Bank Interest & Finance Costs

For an actor it's advisable to have two bank accounts so that a deduction for overdraft interest on your acting account should be more straightforward. However it is generally possible to claim overdraft interest if you have only one bank account which you use for everything. Account charges on such an account should also be deductible.



Even if you have borrowed money to buy a laptop, computer, car, motorcycle or bicycle which is partly used for acting purposes then a percentage of the interest paid on such loans should be deductible.

If you use your home partly for acting purposes then a percentage of any mortgage interest should be deductible. If you pay mortgage interest on a studio you have purchased which you use for rehearsing or other acting purposes then a claim should be allowable for such interest.

If a career development loan is taken out to fund certain training costs or drama school then the interest on the loan should be deductible.

## **Acting Expenses List at a Glance**

Clothing (performance wear or costume)  
Costume clothing dry cleaning or laundering  
Theatre, Gallery, Museum tickets (research)  
DVD's, Cinema, Movie subscriptions (research)  
Play texts, books, biographies etc (research) Travel to and from auditions/acting work  
Spotlight, Equity subscriptions  
Stage, PCR, Casing call pro subscriptions etc  
Agent and booking fees  
Computer, laptop and internet costs  
Computer software, Microsoft Office, security  
I-pads, electronic notebooks  
Printer, ink, stationery, mailing costs  
Photographer, headshots, photo reproductions  
Actor showreel and voice showreel  
Website and website management fees  
Entries to network/actor events  
Hairdressing, make up (for work purposes)  
Food and drink (during acting work)  
Hotel expenses (for acting work)  
Gym membership  
Contact lenses  
Training, workshops and classes  
Singing tutor and lessons  
Bank account/overdraft charges  
Rented office, bills and rates  
Percentage of phone bills  
Percentage upkeep of car, motorbike or cycle  
Percentage of MOT, car security, insurance and tax  
Percentage of utility bills (working from home)  
Percentage of rent, mortgage interest, rates and insurance

Remember, if you are unsure about any tax issues or deductible percentages then speak to your tax accountant, HM Revenue & Customs self-assessment department, Spotlight or Equity.



# Quick Guide to Self-Assessment Tax Return Process

## Tax returns and deadlines

The tax year starts on 6th April. Make sure that you send in your actor tax returns in on time. The paper form tax return should be sent in by 31st October and the deadline for filling your tax return online is 31st January. You also need to pay any outstanding tax by 31st January from the previous tax year. For example you need to pay any outstanding tax by January 31st 2017 for the tax year ending 5th April 2016. Failure to do so will incur a fine.

## Get an accountant

If you are working constantly, it's usually a good idea to hire a tax accountant who can advise you on all the aspects of the tax system and work out your tax correctly. It also saves you the bother of getting highly stressed at the end of January when you are doing your own self-assessment and have left it to the last minute!

## Do it Yourself

If you only work as an actor occasionally then you can most probably do your own self-assessment. If you have not used Self-Assessment online before, you'll need to register, enrol and 'activate' your account before you can complete your tax return online. Go to HMRC Self-Assessment page for the details about setting this up. For help on understanding and using Self-Assessment go to the Directgov page.

## Receipts

Always keep your receipts in order and keep on top of all your 'in comings' and 'out goings'. Keep a note in your diary of any expenses you pay while out and about. All this preparation will make your tax return process much easier and quicker.

## Relevant tax period

You will need to ascertain your total taxable income for the tax year period which is 6 April to 5 April, (eg. 6 April 2015 to 5 April 2016). If you started acting during the tax year then the tax period for your acting activities is likely to be from your 'trade start date' to 5 April. For example, if you finish drama training and register your acting trade on 1 August 2015 then the tax return period for acting purposes will be 1st August 2015 to 5 April 2016. The period for 'non-acting income' will still be 6 April to 5 April.

## First step

The first step is to work out all the profits you made from your acting work (these are your 'acting profits') by deducting the allowable expenses from your income earned from acting. If you haven't earned any money as an actor but still paid out numerous expenses you will therefore have 'acting losses'.

## Second step

Now you add together all your sources of income ('total income') which may comprise of the following:

- Acting profits (or loss)
- Employment (part-time job)
- Other self-employment (promotional, freelance or modelling work)

- Bank & savings interest

### **Third step**

From the total income amount you need to deduct the tax-free personal allowance which is currently £11,000 (this is for 6<sup>th</sup> April 2015 to 5<sup>th</sup> April 2016). The excess income will be subject to income tax at 20% and your acting profits may be subject to national insurance. Again these percentages may change from year to year.

Any income tax (but not national insurance) which has already been deducted from employment income can be offset against your total tax bill.

The HMRC online self-assessment form is quite easy to fill in and it should calculate it all out for you, as long as you have filled all the correct information in on the online form.

