

VISUAL ARTISTS AND WRITERS

THE BUSINESS OF A VISUAL ARTIST AND WRITER

“... you have to recognize that if you are a sculptor the world is different.”

John Robertson, Revenue Canada (16:12)

“The world is a messy place...”

Peter Weinrich, Canadian Crafts Council (9:7)

The tax system characterizes visual artists who create, market and sell their own work as people in business, as are lawyers and widget makers. Like widget makers, artists are further classified as manufacturers. The Sub-Committee feels that the problems created by this approach must be solved through a comprehensive test of professionalism.

The working environment and careers of visual artists differ significantly from that of other individuals and businesses. The typical pattern of artistic careers includes a long period of growth, analogous to research and development in other sectors, before artistic reputations are established. Little revenue and even less profit may be expected during these years. In some cases, and history is replete with examples, artists' works do not yield profit during their lives, but become valuable only after the artists' death. The market for art is clearly not one that is predictable with any certainty. Finished works may be immediately saleable but more likely will not be. Nor will the eventual sale prices be known, or even predictable.

The expectation of making a profit is central to the definition of business both in popular language and in the tax system. An activity pursued with no possibility of profit is characterized as a hobby. Should the hobby produce revenue, expenses are deductible up to the limit of that revenue and no losses are allowed. When the activity reaches the point where it is reasonable to expect a profit, it becomes a business and all expenses are deductible, including those that result in losses.