

nesses also spoke of the insensitivity of assessors to artists and their work and reported denigrating comments made in the course of audits.

Language is an important part of understanding. To an assessor, the label "hobbyist" may mean only the opposite of "businessman." To the artists involved, it implies a serious misunderstanding of the artists' credentials and the nature of artistic activities. It adds fuel to an already heated emotional situation.

The Sub-Committee feels that personnel assessing the tax returns of artists must be more attuned to the realities of the sector and the sensitivities of the individuals involved. Consultation with the arts community will go a long way to establish trust in the same manner as it does with other sectors in society.

RECOMMENDATIONS

- 1. That the Department of Finance develop expertise in taxation policies relating to artists, and that Revenue Canada, Taxation develop and publicize guidelines and educate field personnel in the principles to be applied to the taxation of visual and performing artists and writers.**
- 2. That the pre-budget consultation process with the Minister of Finance be expanded to include the arts community.**
- 3. That a consultation process be developed between Revenue Canada and the arts organizations to give the department expertise in this field and to alert taxpayers in the arts about new issues in the administration of tax policies.**

THE TAX SYSTEM, THE ASSESSING SYSTEM, AND TAXPAYER RESPONSIBILITY

Members of the Sub-Committee asked witnesses to indicate which recommendations would require legislation to implement and which ones needed only a reinterpretation of the law or revised procedures. It was not an easy question and different witnesses making the same recommendation often could not agree on what was required. Some witnesses preferred speedy action through administrative changes. Others wanted the stability and security of amendments to the Act itself.

Where a legislative approach has seemed the only feasible or possible solution to a problem, the Sub-Committee has recommended it. The Sub-Committee prefers more immediate action taken administratively and has pressed for this easier, faster approach. For some problems, both avenues of change have been recommended in the attempt to provide both interim relief and longer-term certainty.

On the other hand, the Sub-Committee heard demands for change that cannot be met at all. It recognizes that some of the sentiments expressed by witnesses are the inevitable by-product of our self-assessing system of taxation. The Sub-Committee rejects the view implied by some witnesses that the mere fact of reassessment constitutes harassment. All taxpayers in a self-assessing system must be prepared to justify both the purpose and reasonableness of