

RECOMMENDATIONS

INTRODUCTION

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.
4. That Revenue Canada adopt the principle that full retroactivity in reassessing should not be strictly applied when a taxpayer's course of action was reasonable in all the circumstances, especially where a pattern of filing had been established upon which the taxpayer had been reasonably relying.
5. That reassessments relating to the business losses project computed before April 1, 1984 be conducted on the same basis as those subsequent to that date regardless of the existence of waivers.
6. That in the future, where the professionalism of artists and writers is at issue and results in a changed view of their status, that the change be effective for that year and future years, not retroactively, provided their course of action was reasonable in the circumstances.

VISUAL ARTISTS AND WRITERS

7. That section 111(1) of the *Income Tax Act* be amended to permit the deduction of losses from professional artistic activities.