

visual and performing artists and writers including, but not limited to, the criteria for establishing the professional status of visual and performing artists and of writers and the method for determining allowable business deductions for such artists and to recommend any changes that the Committee deems necessary and proper.

In accordance with its reference, the Sub-Committee made certain decisions. First, it has confined its recommendations, with one exception, to those matters within the purview of the *Income Tax Act* and its interpretation by the courts. Its inquiries have thus been narrower than those undertaken by Disney who made recommendations on such matters as federal sales tax anomalies. The Sub-Committee nevertheless wishes to draw to the attention of the government the fact that serious difficulties continue to exist in these related fields. These matters should be addressed if a truly integrated fiscal approach to the arts in Canada is to be achieved.

Secondly, the Sub-Committee has confined itself to taxation matters affecting individual artists and writers. Other matters of concern to the artistic community or relating to art in general were raised in briefs to the Sub-Committee: the treatment of art donations under the *Cultural Property Export and Import Act*; the tax treatment of renovations for heritage properties; the status of artistic unions under the *Canada Labour Code*; and the "Give-and-Take" proposal on the tax treatment of charitable donations. These issues will have to be examined in detail elsewhere. Finally, this report does not deal with copyright issues as these will be the subject of intensive study by the Standing Committee on Communications and Culture in the future.

The Sub-Committee has focussed on the status of artists, especially visual artists. The report analyses the nature of artists' and writers' "business", assesses the appropriateness of the test of "reasonable expectation of profit" when applied to that business and recommends ways of achieving a fair taxation policy for the community. The employment status and permissible deductions for performing artists, including symphony musicians, are also addressed, as are the issues presented to the Sub-Committee by the academic community.

The Order of Reference empowered the Sub-Committee to consider the views of interested parties and organizations. Representatives of eighteen arts organizations appeared before the Sub-Committee, as did three lawyers who have arts and taxation expertise and representatives from Revenue Canada.⁽¹⁾ The Sub-Committee received over two hundred briefs and letters.

The Sub-Committee commends the artistic community for the consistently high quality and comprehensiveness of its submissions and for its willing assistance to the Sub-Committee.

WORKING TOGETHER: INTEGRATED FISCAL POLICIES

"... the major problem is that we have a kind of governmental schizophrenia here. On the one hand... Canada is among the most generous countries in the world in direct support of its artists through Canada Council and other grants ... On the other hand ... you turn around and you nickel and dime them to death with the tax system."