

SUPPORT THE BIPARTISAN H.R. 1234 PERFORMING ARTIST TAX PARITY ACT

Correcting an Unintended Consequence

ISSUE

The dissolution of the miscellaneous itemized tax deduction had the unintended consequence of raising taxes on middle class performing artists. Most performing artists are employees, not contractors, who spend 20 to 30 percent of their income on necessary expenses — such as to pay for transportation or a talent agent — to procure employment. Tax reform did not harm higher earning performing artists as they have the resources to operate corporations, which are cost-prohibitive to working class performers.



As working-class actors across the country return to work, the last thing they need is a tax code that punishes them for seeking work. The PATPA fixes this problem!

Who is a “Qualified Performing Artist” under the tax code?

1. Performed services in the performing arts for at least 2 different employers during a taxable year; and
2. Whose amount of allowable deductions exceeds 10 percent of such individual’s gross income attributable to those services; and
3. Whose adjusted gross income does not exceed the salary cap.

SOLUTION

The bipartisan Performing Artist Tax Parity Act, introduced by Ways and Means Members Judy Chu (D-CA) and Vern Buchanan (R-FL) and Senator Mark Warner (D-VA). The bill updates the Qualified Performing Artist (QPA) deduction, § 62(a)(2)(B) a provision of the tax law that allows certain performing artists the option to deduct expenses incurred in the course of their employment. This is an “above the line” deduction.

Signed into law in 1986 by President Ronald Reagan, eligibility for the QPA has remained unchanged since it was passed — limiting the adjusted gross income of the taxpayer to \$16,000. H.R. #### raises the AGI ceiling to \$100,000 for single taxpayers and \$200,000 for a couple filing jointly, with a built-in phase out to help transition the taxpayer out of the deduction.

What are qualified expenses?

All ordinary and necessary business expenses paid or incurred during the taxable year in carrying on their profession, including education and training, agents’ fees, advertising and promotion, equipment, and transportation and other job search expenses.

REAL IMPACT ON PERFORMING ARTISTS

An Equity Actor from the **Sarasota Florida** area reported in 2019 that **she owed \$1,300** in taxes when she filed – the first time she has ever owed additional taxes when filing. She has been a member of Actors' Equity since 1979.

A member of Equity and SAG-AFTRA who lives in the **Los Angeles** area reported that **he owed \$4,175** on his taxes – normally he receives a refund of around \$1,300.

An Equity Stage Manager in the **Massachusetts** in the Berkshires reported this is the first year when filing her taxes that she has ever paid in – **paying \$788** in federal taxes when she filed her return. Last year she earned a refund of around \$1,300.

The increase in tax liability is showing in the last column, "Difference."

STATE	TAXABLE INCOME 2017	TAX 2017	TAXABLE INCOME, TAX CUTS & JOBS ACT	TAX, TAX CUTS & JOBS ACT	DIFFERENCE
Massachusetts	\$34,176	\$4,089	\$40,721	\$4,422	8.4% increase
Washington	\$40,247	\$5,486	\$51,627	\$7,099	29% increase
Ohio	\$18,439	\$2,298	\$33,085	\$3,779	64% increase
Missouri	\$3,996	\$398	\$7,246	\$3,250	82% increase
California	\$20,293	\$2,575	\$24,990	\$2,807	9% increase
Pennsylvania	\$60,660	\$6,369	\$83,034	\$83,034	27.3% increase

*Courtesy of Equity's Volunteer Income Tax Assistance Program (VITA).

COMMON BUSINESS EXPENSES OF A WORKING ACTOR

Talent Agents 10% of Income	Audition Transportation Expenses	Video Reels \$500-\$1,000	Training - Acting, Voice, Movement \$100-\$3,000
Professional Manager 10-25% of Income	Headshots \$500-\$1,000	Audio Reels \$500-\$1,000	Supplies - Makeup, Wardrobe, Hair \$1,000

