

SUPPORT THE BIPARTISAN 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 musicians, stage managers, actors and stagehands 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 Reps. Judy Chu (D-CA) and Vern Buchanan (R-FL) and Sens. Mark Warner (D-VA) and Bill Hagerty (R-TN). The bill updates the Qualified Performing Artist (QPA) deduction, 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 Reagan, eligibility for the QPA has remained unchanged since it was passed — limiting the adjusted gross income of the taxpayer to \$16,000. The Performing Artist Tax Parity Act 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.

According to a study from the Macrodyn Group, the impacts of PATPA on income tax revenue losses are estimated to be small relative to the size of the federal budget, in the range of \$65 million to \$226 million, depending on some partially offsetting positive revenues from state and local governments and various other sources of tax revenues.

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 ARTIST

- Talent Agents and professional managers
- Professional Network Affiliations
- Audition Transportation, Job Searching and Marketing
- Headshots \$500-\$1,000
- Video Reels \$500-\$1,000
- Audio Reels \$500-\$1,000
- Professional Development/ Training/Coaching
- Supplies - Makeup, Wardrobe, Hair, Software, Special Equipment

PATPA SUPPORTERS

- Actors' Equity Association
- American Composers Forum
- American Federation of Musicians
- Americans for the Arts
- The Broadway League
- Choreographers Society
- Dance USA
- Department for Professional Employees
- Directors' Guild of America
- IATSE
- League of American Orchestras
- League of Resident Theatres
- Motion Picture Association
- National Association of Music Merchants
- National Independent Venue Association
- Opera America
- Performing Arts Alliance
- Recording Academy
- Recording Industry Association of America
- SAG-AFTRA
- Save Live Events Now
- Theatre Communications Group
- Theatre Producers League of Southern California
- Writers Guild of America East