

THE ART OF BEING BUSINESS-LIKE

What's an ABN and why do I need one?

ABN stands for Australian Business Number. It's a number that helps the tax office identify who you are so they can work out how much tax you need to pay. It's similar to your Tax File Number but it applies to work you do for yourself rather than as an employee. It can also help keep track of all the work done by an organisation, business or collective. Getting an ABN is FREE. You can apply at the Australian Business Register site: www.abr.gov.au

What if I need to be paid and don't have an ABN?

If you don't have an ABN you can fill out a Statement by Supplier form (sometimes called a hobby form). This is a form that says that the work you have done is part of a hobby and not a professional career. You can get the Statement by Supplier form from the Australian Tax Office website www.ato.gov.au. It's a good way to make sure the paperwork is in order if you need to be paid but don't have an ABN yet. If you are keen to see your arts practice as more than a hobby it's a good idea to get an ABN.

What do I need to know about business structures?

When you apply for an ABN one of the questions you'll need to answer is about the way your business is structured. Individual artists working independently as freelancers often register as a sole trader but make sure you check out all your options and get advice if you need it.

Do I need to register for GST?

This is another question you will be asked when you apply for an ABN. You only need to register for GST if your business turnover is \$70,000 per year or more. Most small scale business do not register for GST at first because it involves more regular reporting to the Tax Office and means you need to charge your clients GST.

One of the advantages of being registered for GST is that you can claim the back the GST you pay on business supplies as a tax deduction.

Make sure you get advice if you think you might need to register for GST.

Do I need a business name?

If you are registered as a Sole Trader you can use your own name rather than a business name. This is FREE and doesn't need to be registered separately.

But if you are keen to use a more exciting name to build the identity of your business, something like...

DanceTron Studio, Verity Design or Ray's Musik

...then you will need to register your business name. You need to pay a fee and to renew your registration every 1-3 years.

Check out the fact sheet Registering Your Business Name from the Office of Fair Trading website for all the details on registering business names: www.fairtrading.qld.gov.au.

How do I write an invoice?

The things you need to include on your invoice depend on whether or not you have registered for GST.

If you would like an example invoice, get in contact with Youth Arts Queensland.

It can be good to list different components of the same job (ie preparation time, time spent running a workshop, time spent writing reports after the project) as different items on the invoice. This helps the person

paying you see what they are getting for their money. It's also helpful to include the number of hours and hourly rate of pay for each item on the invoice.

e.g.

<i>Item 1</i>	<i>workshop preparation</i>	<i>2hrs at \$50 per hr</i>	<i>\$100</i>
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How do I keep track of how much I earn and how much I spend buying things for the business?

It's a good idea to set aside a scheduled time each week to write up what you have earned and spent each week in the one place. Write it in your diary like a meeting or (trust us) it won't happen.

Keep copies (electronic and / or on paper) of all your invoices and receipts and to write down all the receipt numbers from phone and internet banking.

If the receipts are printed on glossy paper they might fade over time so it's a good idea to do photocopies of them so they don't disappear.

Many of you will be used to working as an employee (working in a café, call centre or as a spy for ASIO – just kidding). When you work as an employee with a salary, tax is usually taken out of your wages automatically. Then at the end of the year you either get a tax refund or have to pay a bit of extra tax.

When you work as a freelancer tax is not automatically taken out of what you earn. Any tax you need to pay will be paid when you do your tax return. You'll also need evidence for all your expenses so you will not be taxed on money you spent buying things for the business.

There are reams of fact sheets written about tax returns when you're a freelancer (too many to cram in here). If you need advice about your tax, contact YAQ about the next available tax advice session.

How do I know how much I should charge?

Hmmm...such a hard one ... it's important to take into account your costs (include all the hours it will take you to do the job, phone calls, materials, printing etc.) your level of experience and any industry standards or what other people at your level of experience are charging. Check out the RADF (Regional Arts Development Fund) Fee Schedule for artworkers available online. This is relevant if you're a project manager or run workshops for community organisations or schools.

If you're stumped, try asking an industry organisation in your artform (e.g. QMusic, Artworkers Alliance etc.) You can also ask someone else in your artform but remember to get a couple of opinions.

Contract? What contract? – some basic information about written agreements

In the arts you will often find yourself working with people and organisations you know in a number of different ways (through an earlier project, as a personal friend, someone you got talking to at a party etc.). Because you already know them it can feel odd to ask them to sign a contract or agreement but it is a seriously good idea.

Signing contracts doesn't mean you don't trust them to do their job. You shouldn't be asking them to sign up to the project if you're not reasonably sure they can do what you need them to do.

So, what are contracts for?

They can help make sure;

- all the details of what the project involves are summarised in one place,
- everyone has a copy of the details,
- everyone understands what they and other people need to do and provide (it's really easy for people to get and excited and to misunderstand what they have been promised),

- details of pay rates, the number of hours expected and procedures to get paid are clear,
- everyone understands who will have copyright to any work produced and how it will be used, and
- everyone understands what will happen if there are problems (for example: someone is sick and can't finish the work on time or the work ends up taking a lot more work hours than originally planned).

If you are a young freelancer being employed by someone else to do a project contracts are just as important. Don't be shy – ask for it in writing! (Tell them they can sell your signature as an autograph on EBay when you become a superstar!)

For contract advice, contact the Arts Law Centre of Australia: www.artslaw.com.au.

How do I keep people safe? Do I need insurance?

A lot of people think risk management is all about not being sued but it's also about your peace of mind. No one wants someone involved in a project to be hurt and if the worst happens and they are, everyone wants to know they've done everything possible to prevent it.

You should do a risk management plan that involves;

- thinking of all the possible ways that people could be hurt or be put in unsafe situations,
- rating them as to how likely they are to happen and how bad the damage would be if they did,
- writing down actions you will take to reduce the risk of them happening as much as possible, and
- contact YAQ if you need help finding a risk management plan template.

You should also think about whether you need insurance to cover you in case something unexpected happens. There are different kinds of insurance to cover you against different kinds of risk (the risk a member of the public is hurt, the risk a worker is hurt, the risk you are hurt and can't work etc.) If your project / show / exhibition is in partnership with a large organisation check whether you can be covered under their insurance.

Some industry organisations like Artworkers Alliance and Ausdance help to organise insurance or can advise you as to what firms would cover people in your artform.

If you require any more information regarding this fact sheet please contact Youth Arts Queensland on (07) 3252 5115 or email info@yaq.org.au.