

NSW Cultural Tax Reform

TABLE OF CONTENTS

INTRODUCTION.....	1
IMPACT OF TAXATION	1
Workforce.....	1
Employers.....	2
POTENTIAL SOLUTIONS	3
Explore Income Tax reform for creative industries.....	3
Tax offsets to support workforce development for employers.....	4
Encourage the development of skills through tax offsets.....	4
Other solutions.....	4
FINAL THOUGHTS.....	5

INTRODUCTION

Service and Creative Skills Australia (SaCSA) is an industry-owned, industry-led Jobs & Skills Council (JSC), funded by the Department of Employment & Workplace Relations (DEWR). We offer workforce planning, guidance and advocacy for the following industries:

- Arts
- Personal Services
- Retail
- Tourism
- Hospitality

Working within a tripartite approach, SaCSA is the critical link between industry stakeholders, government and unions. We aim to provide a stronger, more strategic voice in ensuring Australia’s Vocation Education and Training sector delivers stronger outcomes for employers, workers, learners, trainers and educators.

As the leader in workforce development initiatives for our industries, SaCSA collaborates with industry to identify and articulate current and future employment trends and develops solutions that best serve those needs.

As the national body responsible for workforce planning for the arts and creative industries, issues around the taxation of creative workers have been shown to be an active disincentive to workforce attraction and retention, and as such we welcome the opportunity to contribute to this important discussion.

As part of our workforce planning and stakeholder engagement functions, SaCSA has received extensive feedback on issues with the taxation system and intend to highlight these issues as well as proposed solutions for consideration as part of this consultation.

IMPACT OF TAXATION

Workforce

The SaCSA Arts Workforce Plan Update 2025¹ identifies that one of the major challenges for workforce development in the arts is working conditions and their subsequent effect on attraction and retention. Specifically, the sector has a high prevalence of freelance, contract and casual work arrangements, often

¹ SaCSA, *Arts Workforce Plan Update* (2025).

combined with low pay. Financial and job insecurity contribute to a reluctance to enter the sector and to workforce attrition.

These issues are further exacerbated by current taxation arrangements that disincentivise the active pursuit of formal recognition of work through prizes, grants and fellowships which are not taxed in a way that is consistent with typical employment arrangements. In addition, media reports have circulated on discrepancies between the treatment of prize money and the windfall of gambling on the winner of these same prizes, with these windfalls not being taxed at all.²

Furthermore, it is commonplace for creative workers to work with multiple employers, with almost all Australian artists having portfolio careers, due to the structural constraints of the artistic labour market, and split their time between their own creative work and other paid work both within and outside the arts.³ This translates to high rates of casualisation across the creative workforce, with the Arts and Recreation Services Industry recording the third highest rate of casual work (32%) among all industries, behind Retail Trade and Accommodation and Food Services.⁴

Finally, artists across all art forms earn, on average, approximately 26% less than the broader Australian workforce average.⁵ Artist's wages have stayed flat in real terms, remaining persistently low, and less than half of this income comes from their own creative work.⁶ This makes the impacts of taxation on the income earned from these creative endeavours even more profound.

SaCSA believes that tax reforms – both for employees working for multiple employers and for creative workers – could make these careers more appealing by improving income levels and stability, which would help attract and retain workers. In terms of principles for reform, tax incentives directed to individual artists and creative workers via the income tax system are an efficient and effective approach.⁷ These reforms will positively impact employment opportunities for workers from communities that are disproportionately affected by barriers such as insecure employment and financial instability, including First Nations peoples and people living with disability.

Employers

In addition to the pressures felt by the creative workforce due to the taxation, SaCSA has engaged with a range of employers and peak bodies across the creative subsectors, with a number of common themes emerging.

For employers, key stakeholder feedback has centred on the need to make Australia a competitive and efficient place to undertake creative endeavours while also incentivising these industries by reducing the upfront risk that organisations take on before the first dollar is earned.

Many stakeholders outside of the screen industry have pointed to the Australian Screen Production Incentive as a tax incentive that could be replicated across the creative industries. Stakeholders also noted that these incentives need to be targeted to pre-production expenditure, as this is where the highest value will be received for these industry sectors, and must be accessible to both commercial and not-for-profit organisations to ensure equity across the sector.

Finally, any measure cannot be a temporary fix to the system. The sector thrives from certainty and any solution must be permanent to provide the conditions for sector growth and innovation, and not capped,

² The Australia Institute, [The costly double standard of winning a cash prize in Australia](#) (2025).

³ 9% of Australian artists spend 100% of their time on their own creative work. Source: Creative Australia, [Artists as Workers: An Economic Study of Professional Artists in Australia](#) (2024).

⁴ ABS, 'Paid Leave Entitlements by Industry' in [Characteristics of Employment](#) (2024).

⁵ Creative Australia, [Artists as Workers: An Economic Study of Professional Artists in Australia](#) (2024).

⁶ Ibid

⁷ Hemels, Influence of Different Purposes of Value Added Tax and Personal Income Tax on an Effective and Efficient Use of Tax Incentives: Taking Tax Incentives for Arts and Culture as an Example (2009). See also Association for Cultural Economics International, [Too heavily taxed to afford it? VAT and Cultural Goods](#) (2019) for research on the inefficiency and ineffectiveness of reducing GST on classes of cultural and arts products or services.

to ensure that a program doesn't become competitive between different arts organisations and result in a 'race to the bottom'.

Solutions for both workforce and employer issues with taxation are explored in the following sections.

POTENTIAL SOLUTIONS

Explore Income Tax reform for creative industries

A common theme across all subsectors of the creative industries is the impact that the current taxation system, which is primarily set up for traditional employment and income earning structures, is not fit for purpose for the creative industries. The creative industries are similar to industries such as agriculture or seasonal tourism, where income isn't consistent, it is demand driven and highly affected by external factors.

Furthermore, the creative industries are unique in that many workers rely on money received through government or independent grant programs, or potentially prize money should they reach the pinnacle of their field. To this end, many stakeholders across the creative industries have noted the need to make income received from prizes, grants and fellowships tax-free to better reflect the honour of winning one of these prizes. This is a measure that SaCSA would strongly support, particularly given the contrast with gambling winnings, and the negative perceptions the taxation of prize money gives careers in the creative industries.

Industry also supports the introduction of a secondary tax-free threshold for income earned through creative careers. For many artists, earnings from their creative careers are a secondary source of income and do not contribute a high percentage to their total income. A higher tax-free threshold for these income sources would encourage the continuation of creative careers where current tax implications have made them in some cases a tax liability. A similar idea to this is implemented in Ireland, where the Artist Tax Exemption allows self-employed artists to earn up to €50,000 annually before paying tax on income received from artworks, including sales, funding to create work, artist fees to show works and contracts for the commission of work.⁸

Stakeholders have also raised concerns with the current implementation of the exemption to the Non-Commercial Losses provision for professional artists, which allows individuals to offset their losses from the creative work against income from other sources. However, access to this exemption is severely limited, as an individual offsetting these losses can only earn up to \$40,000 a year from other income sources, which is significantly below the national minimum wage of \$49,296, before tax. A solution to this would be to increase the income threshold, with the National Association for the Visual Arts (NAVA) having a longstanding push to increase the cap to \$120,000. This would ensure that artists who are successful in generating alternative sources of income are not deterred from continuing to pursue income from artistic sources as well.⁹

In addition, a recommendation from Regional Arts Australia to implement a 'Creative Industries Management Deposit Scheme', based on the existing Farm Management Deposit Scheme, would address some of the previously identified issues of persistently low incomes across the creative industries and would allow creatives in those 'boom years' to aggregate their incomes and provide a more stable base income to work from each year.

- **Recommendation 1:** Ensure monies raised from prizes, grants and fellowships are exempt from income tax obligations
- **Recommendation 2:** Establish a separate tax-free threshold for creative income, ensuring it's exempt from tax and distinct from other earnings
- **Recommendation 3:** Review and reform the Non-Commercial Losses provision to raise the income cap from non-arts activities from \$40,000 to \$120,000.

⁸ Visual Arts Ireland, [Artist Tax Exemption](#) (2023).

⁹ National Association for the Visual Arts (NAVA), [Artists' Income Tax Non-Commercial Losses](#).

- **Recommendation 4:** Explore the introduction of a Creative Industries Management Deposit Scheme to support creative workers in managing income fluctuations and establishing a more stable annual income base.

Tax offsets to support workforce development for employers

The other side of the tax equation is incentivising organisations to work in Australia and deliver creative products, shows and experiences. The upfront costs associated with delivering these products and experiences can be a disincentive for these organisations, particularly where other markets such as the United Kingdom and the United States can and have better incentivised these activities.

Stakeholders have pointed to the recent investments in the screen industry through initiatives such as the Australian Screen Production Offset, as something that would be beneficial if it were replicated. The United Kingdom's Creative Industries tax reliefs for Corporation Tax has been identified as international best practice for how a more holistic scheme across a range of creative subsectors could be implemented in an Australian context.

It is key to note that any solution that incentivises employers and organisations must balance the need to encourage the continual growth and development of Australian intellectual property (IP). It must also encourage importing international IP, as its name recognition and appeal can help grow Australian IP and provide jobs and training for local creative workers.

- **Recommendation 5:** Establish a Creative Industries Tax Offset Scheme, modelled on the UK's Corporation Tax reliefs, to support the development of locally produced IP across creative sectors, while also attracting major international productions and events that contribute to workforce growth and skills development in Australia's creative industries.

Encourage the development of skills through tax offsets

Another reform that would be worth exploring is for self-employed artists and arts workers to be able to claim a wider range of training and professional development expenses as a tax offset when filing their tax returns.

SaCSA's Creative Workforce Scoping Study conducted together with Creative Australia identified the need to support cross-sector skills development in areas such as finance, marketing, and management as critical for artists and creatives working as freelancers, sole traders or in portfolio careers. However as identified previously, many creative workers earn less than the minimum wage directly from the creative endeavours, and as such, investment into these skills may not seem worthwhile, particularly where there is expected to be no financial benefit.

These education expenses would not generally be eligible under the current tax offset arrangements and as such, solutions should be explored to gauge the viability of expanding the definition of 'work-related education expenses' to include these types of activities.

- **Recommendation 6:** Explore the inclusion of a broader range of 'work-related education expenses' for creative workers to encourage skills development in areas of key shortages, including finance, marketing and management skills.

Other solutions

Other solutions have also been raised by stakeholders throughout SaCSA consultations. Many of these solutions sit across different levels of government and as such may not neatly fit into a consultation paper aimed at federal taxation reform. However, these points still merit being raised as solutions to incentivise creative businesses:

- Explore rent subsidies and land tax exemptions for creative businesses to encourage the retention of these important institutions in town centres, particularly in regional centres.

- Investigate an expansion of the Public Benevolent Institutions status to creative businesses and organisations to allow them to provide competitive salary packaging options as a tool for workforce attraction and retention.
- Explore the implications of GST for the creative sector, both as sole traders as well as creative products being subject to GST, noting that cultural products such as books and art sold to public institutions are exempt from VAT in the United Kingdom.¹⁰
- Investigate an expansion of the Cultural Gifts Program including broader eligibility for living artists and contemporary works.

Furthermore, the emerging issues with Generative Artificial Intelligence (AI) for the creative sectors was raised by stakeholders and references were made to international schemes that aim to tax AI companies with the aim of reimbursing creative workers who have had their IP utilised without permission. SaCSA would recommend that future reforms in this area are considered as further understanding of the impact of Generative AI to the creative industries develops.

FINAL THOUGHTS

As SaCSA's submission highlights, both employers and employees experience key issues with the taxation system, and in many cases, creative workers experience suboptimal outcomes from the taxation system, despite low-income levels, high levels of work across multiple employers and high levels of casualisation. There is a range of important issues to consider, across both employer and employee support strategies.

SaCSA thanks the New South Wales Government for leading the way on this important discussion on taxation reform for the creative industries. As the national Jobs and Skills Council for the creative industries, taxation conditions form a key part of the workforce attraction and retention puzzle, and we would welcome the opportunity to continue to contribute to this conversation as it progresses.

¹⁰ HM Revenue & Customs, [VAT rates on different goods and services](#) (2024).