July 2025

The Art of Tax Reform:

Unlocking opportunities to improve taxation for Australian creative industries

Discussion paper

NSW GOVERNMENT

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Street art at Sydney Brookvale Arts District, Brookvale.
Photo: 24-Hour Economy NSW.

Cover: Visitors at the Archibald, Wynne and Sulman Prizes 2025 exhibition, featuring (L-R) Jaq Grantford *Sisters*, Fiona Lowry *Ken Done*, Jeremy Eden *Felix Cameron*, Art Gallery of New South Wales, © the artists, photo © Art Gallery of New South Wales, Ken Leanfore

1. Why tax matters to the arts and creative industries

In September 2025 the NSW Government will convene a tax reform summit with leaders across the arts and creative industries, along with tax and policy experts, to develop a set of policy proposals aimed at unlocking opportunities to improve the tax system to support creativity.

The summit comes as the Australian Government approaches the halfway point of its 5-year National Cultural Policy, *Revive*, and looks ahead to what the focus should be for future policies.

The creative industries are a cornerstone of both Australia's cultural identity and economy – yet tax policy settings have been highlighted by the sector as a significant impediment to artists' business viability, international competitiveness and income stability.

This paper invites you to share your views on how the tax system can better support the arts and creative industries in NSW and Australia.

This is an opportunity for people across the cultural ecosystem: those making creative work, as well as the donors, venues, patrons and partners who support it, to propose solutions. We are also inviting perspectives from the tax and economic policy community.

The intention is to build an evidence-based understanding of where there is a case for government intervention, the rationale for a tax-based approach (compared to grants or regulation), and the efficacy, costs and risks of tax reform.

This consultation process aims to identify key tax reforms that should be prioritised in federal, state and local policymaking to support the creative industries.

Tax reform isn't free. Governments need to account for foregone revenue in the same way that they account for new spending. This means any reform initiatives with fiscal impacts would need to be considered through future budget processes.

You can make a submission by visiting haveyoursay.nsw.gov.au/cultural-tax-reform, where you'll also find links to review other submissions during the consultation period. The submissions process will shape the agenda of The Art of Tax Reform Summit in September 2025.

Creators, writers and stars Harriet Dyer and Patrick Brammall with Zak in *Colin From Accounts* Season 2. Photo: Joel Pratley for Binge.

2. Who do we want to hear from?

This consultation takes a broad view of creative industries and the tax system to identify opportunities for reform.

Creative sectors

Sectors in scope reflect the expansive definition of arts, culture and creative industries in NSW's *Creative Communities* policy.

These include:

- First Nations cultures
- galleries, libraries, archives and museums
- performing arts including theatre, dance, circus, comedy, cabaret
- music including classical and contemporary composition, performance and recording
- screen and digital games
- visual arts and crafts
- literature, writing and publishing
- broadcasting and digital media
- design, architecture and fashion
- built and physical heritage
- creative and arts education
- creativity in the food and beverage sector
- creative innovation in the technology sector.

Adjacent sectors and experts

- policy experts in tax and creative industry economics
- tax and financial advisors to the creative industries
- property managment and property development professionals
- investors in the creative industries including philanthropists and donors
- government including local councils.

***Secrets of Dawn* exhibition by Coota Girls Aboriginal Corporation. Photo: Adam Scarf Photography.**

3. Thought starters: Examples of tax reform

A range of potential tax reform ideas have already been raised by the creative industries in recent years.

There is also an opportunity to learn from approaches taken in other jurisdictions.

Here is a selection of ideas previously suggested by the sector and other examples.

- **Exempt some types of income from tax**
  There have been suggestions for tax exemptions for some types of artists' income – for example prize money, grants, awards and fellowships. The Netherlands and several Nordic countries have these exemptions (see case study on page 7) although these countries generally don't have tax-free thresholds like in Australia. Ireland has an alternative approach with a high tax-free threshold for artists.
- **Change GST settings**
  Some countries have different GST settings for some types of income that artists receive. New Zealand generally exempts prize money from GST which can avoid artists needing to register for GST when they have a high-income year. Several European countries have reduced rates of GST-equivalent taxes for the creative industries with the goal of encouraging growth in the sector, although many of these countries also have much higher standard rates of GST.
- **Allow for more artists to claim expenses**
  There have been suggestions for changes to Non-Commercial Loss rules in Australia to allow for artists to be able to receive more income from other sources and still be able to claim for expenses related to their art production. The current limit was set at $40,000 in 2000.
- **Simplify claiming expenses**
  Some countries have special expense rules for artists to reduce compliance costs and increase post-tax incomes. For example, France allows for a flat 34% deduction to gross revenue for most artists, removing the need to track expenses (see case study on page 7). In Australia there have been proposals for standard deductions (not specific to artists) to simplify tax returns and reduce compliance costs.

Carnival of the Animals, an immersive theatre experience.
Photo: Got Ya Back Productions.

Baranguba by Djaadjawan Dancers, Yuin Theatre Bay Pavillions. Photo: Scott Baker.

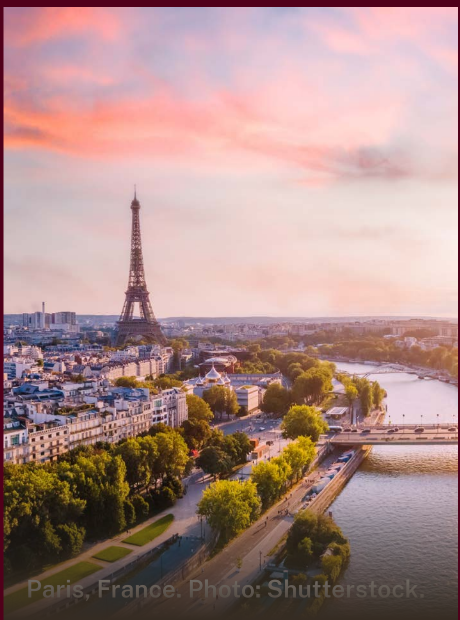
- **Introduce offsets for specific industries**
  Current sector-specific tax incentives for the creative industries are largely targeted to the screen sector. There are various suggestions for tax incentives that go beyond the screen sector. For example:
  - **Theatre:** Tax offsets have been suggested for theatre productions in Australia as a tool to both increase the number of shows that are economically viable, and to improve Australia's international competitiveness for developing and hosting shows (see case study on page 7).
  - **Live music:** Tax offsets have also been suggested for live music venues, as well as for touring artists. There has been a sharp decline in live music venues since COVID-19, and tax offsets have been suggested as a cost-effective tool to incentivise new venues to host gigs, and for existing venues to host more gigs.
- **Reform existing screen tax incentives**
  Ideas for reform include increasing the rates to improve international competitiveness, changes to thresholds to improve access for smaller domestic production companies, expanding eligibility to new genres and digital formats, and aligning payroll tax concessions across states. There might also be opportunities to harmonise application processes across federal and state incentives to reduce compliance costs for producers.
- **Introduce vacancy taxes to activate forgotten spaces**
  Vacancy taxes have been suggested to activate otherwise unutilised vacant land, and encourage property owners to make vacant commercial space available to the creative sector.
- **Introduce property tax benefits for creative spaces**
  Targeted reductions in rates and property-related taxes have also been suggested to support the creative sector. These could incentivise landlords to rent to creative enterprises, or make spaces more affordable for creative enterprises to own. Toronto (Canada), for example, exempts creative enterprises from paying commercial tax rates on city-owned properties.
- **Strengthen incentives and systems for donating to the arts**
  Ideas include allowing tax deductions to be greater than the value of the donation (as is done in Singapore), as well as administrative changes such as including prompts in tax returns for people to donate tax refunds. Some countries have targeted tax measures to encourage corporate philanthropy for the creative industries. In France, the Le Mécénat scheme offers tax relief for donations to the arts and has supported a four-fold increase in corporate giving.


Museum of contemporary art Kiasma exterior, part of Finnish National Gallery, Helsinki, Finland. Photo: Shutterstock.

Finland's taxation of grants, scholarships, and awards for artists

In Finland, grants and scholarships awarded by public bodies are entirely tax-exempt when used for artistic purposes. Private grants are tax-exempt up to a specified annual threshold, set equivalent to the State's artist grant (approximately €26,000). Prize money is generally considered taxable in Finland, but there is an exemption for prizes that recognise artistic merit and is not a payment for services or a commissioned work.

Source: Artists' Association of Finland, Finnish Government.


Paris, France. Photo: Shutterstock.

France's income tax framework for individual artists

France's BNC (Bénéfices non commerciaux) allows for artists earning less than €77,700 per year to apply a flat 34% deduction to account for their professional expenses. No receipts or bookkeeping is required. The remaining 66% is taxed as personal income. As of 2020, over 60,000 French artists were enrolled in the BNC regime.

Sources: Entreprendre.service-public.fr, Ministère de la Culture.

London, United Kingdom. Photo: Shutterstock.

Tax relief for theatres in the UK

Established in 2014, the UK Government's Theatre Tax Relief (TTR) was designed to encourage investment in new and diverse productions by reducing the financial risk for producers. The scheme allows companies producing live theatrical performances to claim a share of their costs as an additional tax deduction. This reduces any tax they need to pay and can result in a tax refund. In 2024 the government locked in TTR rates of 40% and 45%.

UK theatre industry bodies estimate there has been £163 million of investment into theatrical productions as a result of £38 million of Theatre Tax Relief. The amount of relief provided by the scheme has grown significantly to £178 million in the most recent reported year (2022-23).

The TTR is part of a broader set of creative industry tax reliefs in the UK which also covers the screen sector, galleries, museums and orchestras.

Sources: gov.uk, Society of London Theatre and UK Theatre.

4. Submission framework

We want to hear from voices across the cultural ecosystem: those making creative work, as well as the donors, venues, patrons and partners who support it.

We also invite perspectives from the tax and economic policy community to share insights on the current tax settings and opportunities for improvement.

We want to hear about challenges and reform opportunities across the broader tax system. This includes both tax settings – for example, rates and exemptions – but also tax compliance issues – for example, classification and deduction rules.

Various creative sectors have already suggested several reform ideas for existing taxes and levies, including income taxes for both individuals and companies, GST, fringe benefit, payroll and property related taxes, as well levies such as the liquor licensing levy. Gambling duties are outside the scope of this consultation.

Topic	Question
Principles for reform	What principles should guide tax reform for creative industries? What are the problems that tax reform is seeking to address and what are the outcomes that it is trying to achieve?
Opportunities for tax reform	What tax changes would you like to see relating to the creative industries? What are the problems these changes would address?
Impact of tax reform	What impact would these changes have on you and your industry? (both on inputs/costs and on outputs/outcomes). Note: We welcome studies, surveys or examples from other jurisdictions as evidence to inform assessments of impacts.
Managing risks and unintended consequences	What are the potential risks and unintended consequences of these changes on the creative sector, the tax system and the economy? How might they be mitigated? What definitional or administrative challenges do you foresee with proposed reforms? How might these be addressed?
Alternatives to tax	Are there alternative approaches, such as grants or regulation, that could address the underlying challenges? Could the tax changes be an alternative to existing grants or regulations?
Compliance	What changes or support would make it easier for you to comply with tax obligations?
Anything else?	Is there anything else you'd like to submit on tax reform for the creative sector?

4. Submission framework (continued)

Principles for good tax policy

Tax systems should not be changed lightly – a well-functioning tax system is essential for the government to be able to fund public goods, including the arts.

General principles often used for assessing tax policy include:

- **Fairness**
  The tax system should be fair both horizontally (treating people in similar circumstances equally) and vertically (ensuring those with greater capacity contribute more).
- **Neutrality and economic efficiency**
  Taxes should minimise distortions to economic decision-making. The goal is to raise revenue with the least adverse impact on economic growth and productivity.
- **Simplicity**
  The system should be as simple as possible to understand and comply with. New concessions and exemptions typically require additional administrative systems and costs for the government, as well as compliance costs for taxpayers.
- **Integrity**
  Tax design should minimise opportunities for avoidance and evasion. Tax incentives can be more expensive than initially estimated if they're used in ways not originally intended.

Principles for targeted government support

While neutrality is a general principle for good tax policy, taxes can also be a tool for targeted interventions to support the creative industries. They sit alongside other tools such as grants, regulation and promotion.

Principles to guide these interventions can include:

- **Public purpose**
  There should be a clear rationale for government intervention.
- **Effectiveness**
  Tax changes should be an effective and evidence-informed approach to addressing the policy objective.
- **Cost efficiency**
  Tax changes should be a cost-effective way to provide the support, targeting government spending to where it will make the most difference.
- **Sustainability**
  Tax changes should support the long-term financial sustainability of the sector – for example, by unlocking additional private sector funding or revenue streams.

Art Space, Sydney. Photo: Create NSW.

5. What are the next steps?

Call for submissions (early July 2025)

This paper starts the conversation in NSW for tax reform for the creative industries. Submissions are open for six weeks.

Public release of submissions (throughout consultation)

Public submissions will be made available to the public mid-way through consultation to help inform the conversation.

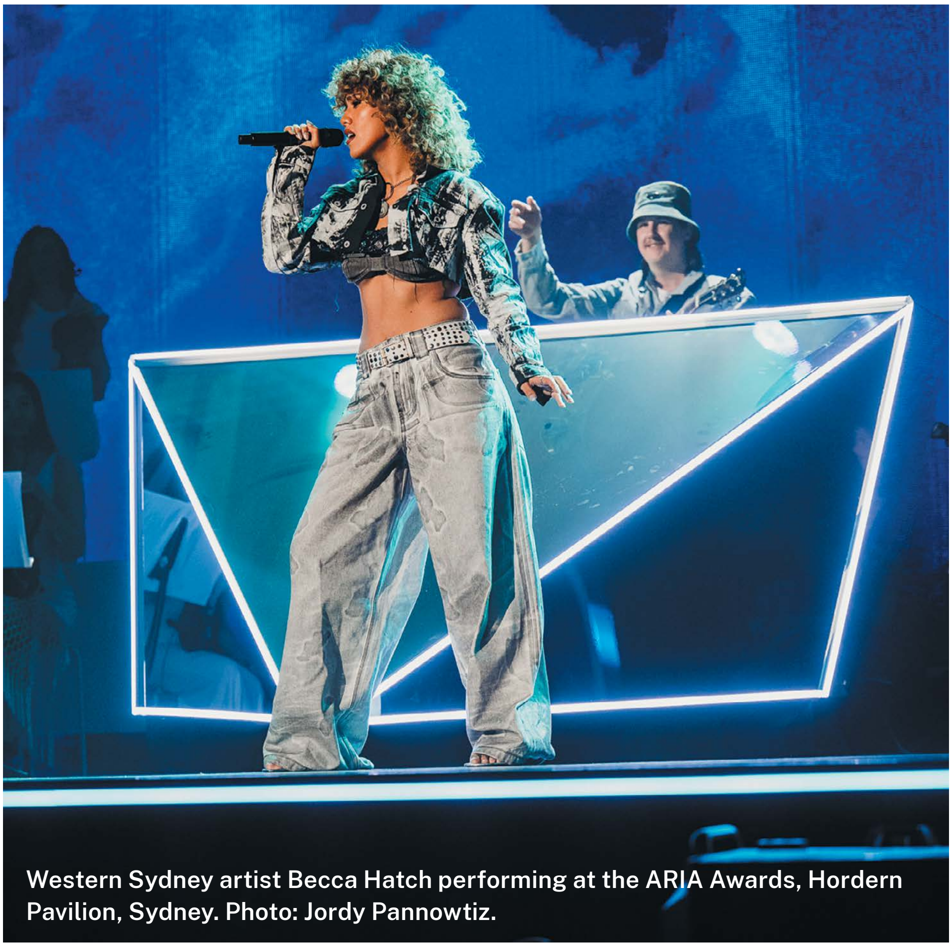
Submissions close on Sunday, 10 August 2025 (11.59pm AEST)

The Art of Tax Reform Summit (26 September 2025)

Government leaders will join creative organisations, policymakers, and tax experts to further develop key ideas of reform.

Outcomes (late 2025)

Outcomes of the summit will be publicly released.



Western Sydney artist Becca Hatch performing at the ARIA Awards, Hordern Pavilion, Sydney. Photo: Jordy Pannowtiz.

Jonathan Jones, *untitled* (emu eggs) after Étienne-Pierre Ventenat, 2021–23 (detail). Courtesy the artist. Photo: Jenni Carter.

McKell Building
2-24 Rawson Place
Haymarket NSW 2000

GPO Box 5341
Sydney NSW 2000

culturaltaxreform@dciths.nsw.gov.au