

## [THEATRE NERDS - Blog](#)    [Tips And Tricks For Actors During Tax Season: Interview With 'Entertaining Taxes' Owner Ernie Charles](#)

First off, I am an actor and writer. I have a very creative side to me, but somehow I got the left side of the brain working too. When I moved to Los Angeles in the late 90s I volunteered at the VITA program (Volunteer Income Tax Assistance), which was put together by the actor unions (SAG, AFTRA, AEA). I thought it was a chance to give back to my union. I eventually started working for a tax preparation firm and later became an "Enrolled Agent." As an enrolled agent I have been able to represent entertainment professionals in several IRS audits, appeals, and collections cases.

1) What are 5 things actors are usually surprised to hear that they can write off at tax season?

Usually they are more surprised by what they can't write off. But actors often miss some simple business expenses that they are allowed. According to IRS Code the expense should be an ordinary and necessary business cost. I am going to name six ,but there are more.

1. Business miles, which is driving your car to classes, auditions, picking up headshots, your agent's office, business meetings, etc. (anytime you're driving somewhere to improve or help your craft and you're not being paid for it). You should track these miles. Also, it's important to get your beginning and ending odometer for the year, so that you have your total miles.
2. A Percentage of Cellphone for Business plus the cost of your phone and its accessories. It's usually best to total everything together and use a percentage for business (something between 25% to 60%). It depends on how aggressively you are pursuing the business.
3. Business Meals or as I call them business meetings. In the business of acting we are always looking for work and you usually don't know where the next job may come from, so it's important to develop relationships. I always take my receipt from a meeting with someone for dinner or a drink, and I write on it the business associate's name and a project that we discussed even if you are just meeting for coffee to discuss a show or film project. You can't do every meal, but it's normal to have one or two per week.
4. Research by watching TV, Film, and Theater. It's important to keep notes on your research for proof. Many times I will write down the name of the casting director, the director and the writer on the receipt, the playbill, or information from the show that I kept. I will write down a character I relate to or something about the story, which I might be able to use in a future audition or project.
5. Professional Development such as classes, workshops, and seminars. I think most performers know that they are able to use this deduction.
6. The most obvious is Advertising and Publicity. Photo-shoots, headshots & resumes, casting services, website fees, etc.

2) What are a few common things that actors try to write off that they aren't supposed to? And why can't they?

The IRS has two codes which may disallow your business expenses because it's either considered a personal expense or if it's something "to maintain an image."

1. Clothing is the number one thing most actors try to deduct, but it's not allowed. Clothes that may be worn on the street is not an allowable business deduction.
2. Hair Cuts, Hair Coloring, & Make-up is most often not allowed. No deduction is allowed for general make-up and hair styles "to maintain an image." If you don't believe me go to irs.gov and type in: "Business Expenses - Entertainment Tax Tips" and read what it says about appearance and image.
3. Commuting Miles to and from work. Actors confuse business miles and commuting miles sometimes. Commuting miles to and from set are not deductible if you are getting paid.
4. Gym Membership fees are not deductible. Just because you want to look good does not make it a business deduction.
5. Cosmetic Surgery is neither a business expense nor a medical expense.

3) What's one of the most overlooked things actors can write-off, but tend to forget?

- I would say the number one overlooked expense is business miles, because actors don't like keeping a log of their business miles. But once you get used to it, it becomes a habit and easier. It could mean a \$1,000 to a \$4,000 dollar write-off.
- Sales tax on the purchase of a car or big ticket item is often overlooked. Not always, but most often in the year you purchase a vehicle you may write-off the sales tax amount from that purchase.

4) What's the number one piece of advice you would give to actors when filing their taxes this year?

Educate yourself and find ways to track your expenses. If you want to work as a professional in this business then act like a professional. Keeping track of your business expenses is one aspect of it. I have clients that have not made much money for several years and they suddenly start earning more money. If you can do it on a small level, then you will be able to handle it as you become more successful. I know the business is frustrating and very deflating at times, but find a way to develop a habit so that no matter how you feel you are able to maintain your records.

5) What are some tips and tricks actors can do between now and next tax season to better prepare for a healthy return?

Find a system that works for you. As time passes, you may change your routine so that it works better or easier for you. I try to get people to balance their checkbooks at least once a week. When you do, please list the business expenses in a category with the date and amount on spread sheet software, which will create a total for you at the end of year. Also, I suggest to look back through your appointments for the week and log your business miles on the spread sheet, which will provide you with a year-end total. Some people will use a cellphone app or pictures of their receipts, which keeps a running total for different business categories at the end of year. Just make sure you back it up so you don't lose your receipts. I don't care which method you use, but try to find a system that works for you. If all else fails at least keep your receipts. There is always the choice of keeping no business expenses and paying the highest taxes possible. You are the president, secretary, and treasurer of your own little business as an actor (in case didn't already know it). It's your choice on how you work your business as a performer.

6) Tell us, why can't actors write off their gym memberships? Aren't they required to look good in most circumstances? What about makeup and clothes?

I covered this above, but just so you understand. We are trying to prove that our expenses are used as an ordinary and necessary business expense for the trade or business that we work in. If you get examined by the IRS they may try to say your expenses are disallowed because it's for personal, living, or family expenses.

Sometimes the expenses overlap between personal and business. Such as internet use. So use a percentage for business and percentage for personal use (such as 33%, 50%, or 66%). Just be reasonable.

7) You're an actor and a tax preparer who specializes in actor's tax preparation. What else can you tell us about yourself?

I love acting and writing or I wouldn't still be doing it. I have started to produce projects too. I have booked several wonderful jobs. I remember working with director and series star Joe Mantegna on "Criminal Minds" and I worked with Eric Dane on "The Last Ship." Each experience was wonderful. I have booked several national commercials. It's funny because many of the jobs I booked have come indirectly through relationships I have built in the business. They always say it's a relationship business, but it's more about the kind of person you are. No matter which event or class you attend, people get to know you as a person and start to learn if you are the kind of person they want to spend 12 hours with on a set. Writing has become another creative outlet for me. I love sports too and I wrote a book called "College Football Fanatics," which is published on Amazon. I have written a stage play, a sitcom pilot, and a short film which is in development for a feature. I shot my own short film over a year ago called, "I Think I Need a Drink." Producing and starring in my own project was a more enjoyable experience than I expected. It was a much smoother process than I thought, but then I believe my background in tax organization helped tremendously.

My tax business has helped me meet people in the entertainment business and so people who know me from taxes have learned to introduce me as a writer and actor, who moonlights doing tax returns and representation.

Remember to continue to educate yourself. Not only as an actor, but also other areas. Take classes on learning a new language, how to improve your wealth, how to use a computer or software better, how to use your iphone, how to communicate better and more.

The entertainment business can be very frustrating at times, but finding supportive people and a positive outlook helps make it more fun. Trying to self-motivate and staying focused is essential. I love to use the quote from John Wooden, "Don't complain, don't whine, and don't make excuses!" Because everyone is doing it and people don't like to hang with a negative person. If you can find the good in someone else or a way to overcome setbacks; you will live a happier life and have a better chance to reach your highest potential.

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