

MONEY MATTERS

- 1) We collect W9s for our talent so that we have paperwork indicating talent's social security number. We will use the W9s to: a) report 1099 income to the IRS if necessary, b) provide that info to production companies so they can issue 1099s if appropriate, and c) obtain social security numbers to book talent on payrolled jobs (see #8.) The talent's name on the W9 needs to match the name on their social security card. **If you have moved, you have to send in a new W9 to accounting@palomamodelandtalent.com.** You may also fax this to 323-800-7250 or mail to the office. Include CHANGE OF ADDRESS in any W9 correspondence.
- 2) We collect a check authorization so that checks will be mailed to our office. We then draw our commission, and send the remainder to the talent. As a state-licensed talent agency, we must forward payment to the talent less our commission within 30 days of receipt (Laws Relating To Talent Agencies, § 1700.25.) but we take pride in paying talent the same week we receive payment from the client. As a rule of thumb, union work should take no more than three weeks to receive payment. Non-union/print jobs may need to be invoiced at the client's request, and we are reliant on their timeline for issuing payment. It can take as little as two weeks for you to receive payment, but may take up to 3 months depending on the client.
- 3) Accounting is supported by Kristi, who will give you the most timely reply M-F if you email her at accounting@palomamodelandtalent.com, and overseen by Dawn (dawn@palomamodelandtalent.com), who only works once a week and has minimal knowledge of specific talent-related matters.
- 4) We began using Deluxe E-Checks in 2020 to send checks to our talent. You will get an email notification to the primary address provided to us when you have a check to open. If you have any supporting paperwork (like a paystub), that will come as a downloadable attachment via Deluxe E-Checks. You must open a Lockbox account BEFORE you open your check to get the attachment(s). Please see here for ways to deposit your e-check: https://echecks.zendesk.com/hc/en-us/articles/220408008-What-ways-can-I-deposit-an-eCheck-?fbclid=IwAR3K96T4Pgo_iShK4eJKLofu5R5rVStik6izLZgkuH0rKnbd82zJhmLK9Dk We have learned that some banks, namely Chase and Navy Federal Credit Union, will not accept E-checks. If that is your bank, we can issue you paper checks and mail them.
- 5) If you receive a check for a job on set, or in the mail that is NOT from Paloma Model & Talent, Inc., please scan in what you have received and email it to accounting@palomamodelandtalent.com or fax it in to 323-800-7250. Our commission will need to come out of that check you have received. This applies to renegotiations and residual payments as well. ALL theatrical residual payments only come through SAG directly to the talent, so you must remit commission due to us. Options for sending in payment include sending us a

check, paying electronically via Zelle to accounting@palomamodelandtalent.com, having us take the monies due from other outstanding payments due to the talent, or sending money via Paypal to accounting@palomamodelandtalent.com (include a 4% fee for using the service). When you send in your scans, we can discuss how to proceed. When you are the set of a job that is paying you via payroll, you will usually have one place to input our address so that the checks come to us. Ask on set where you put your agent's address if you are not sure. Include c/o Paloma Model & Talent even if there is no specific place to write that in. There is usually a separate place to put your W4 (home) address.

- 6) Helpful payment information...
 - a. Some jobs are paid as "dayrate" (for example, \$600 for the day) and some are hired by the hour. Hourly time on set is from either: (1) your calltime, (2) the time they begin to use you if you arrive early and they begin using you before your calltime, or (3) your arrival time if late. Set time ends when they say "you are done," not when you leave after changing, going to bathroom, etc. If there is a minimum on the job (for example, \$125 an hour, minimum 2 hours), that means even if you are there 15 minutes, you still get paid for two hours' work.
 - b. You may sometimes see your rate "+ xx% agency service fee" on your audition notice. This does not refer to the commission that PMT earns from talent, but is a separate fee production has offered to pay directly to the agency. This agency service fee, is typically 10%, 15%, or 20%. That means that agencies sometimes get paid a service fee from production, and commission from talent. The payment of agency service fees has been an industry-wide practice for over 25 years on non-collective-bargaining work (non-union work.)

- 7) Production companies, and sometimes the client directly, are the ones who decide how they will pay the talent. While we find work for talent, we are not the ones engaging talent to work, and are not the responsible party for Coogan payments, worker's compensation insurance, liability insurance, or any other legal requirements for those utilizing the services of the talent. Here are the two ways we have seen production/clients pay talent:
 - a. Employee: Union jobs, and often non-union and print jobs as well, hire talent as employees and put them on payroll. It can be argued that actors and models should always be hired this way. If talent worked any payrolled jobs, you will get a W-2 from the payroll company the client used. You will get multiple W-2s if you worked multiple jobs from different payroll companies. In January, you may want to contact those payroll companies to see if they have an option for electronic delivery to ensure you get your W-2 in a timely manner. The amount of taxes taken out of paychecks is dependent on how you fill out your W-4 on set.
 - b. Independent Contractor (IC): Talent is often hired on non-union commercials and print jobs as an IC. These jobs will typically not take out the Coogan 15%. If this happens, it is your responsibility (since it's your child's responsibility as his/her own employer) to deposit 15% of the gross earnings

into your child's Coogan account (see item #11 herein and additional info on Coogan accounts provided on our website). If talent receives pre-commission IC income in excess of \$600 from any production company, photographer, or collectively from PMT, you will receive a 1099 Tax Statement from any of those entities in January. 1099s should always come from the hiring entity, but if they insisted on writing the check to PMT or wiring the money, the 1099 for that job will come from PMT. We send 1099s using secure electronic delivery. You have to include income earned as an independent contractor on talent's tax return even if the payment did not meet the threshold to require a 1099 be issued.

- 8) **Tax notes.** You will use talent's tax documents (some combination of 1099s and W-2s) to file taxes. Your income-earning child must file their OWN taxes. This income is theirs and not yours. As of 2024, the filing requirement for earned income is \$13,850. This means if the gross earnings of the talent (excluding investment income and other passive income sources) exceed that amount, they are required to file an income tax return. While we are not tax advisors and you should consult your own professionals, one may want to consider that if the talent had ANY earnings that were subject to federal or state withholding (i.e., if they deducted taxes) that you file a return even if they did not earn over \$13,850. Not filing would result in forfeiting any money withheld; however, filing will get you the refund of those withholdings. Talent may also be required to file taxes if they had more than \$400 in self-employed income – and that means those jobs where talent gets hired as an independent contractor. Even if talent earns less than the \$13,850, they will still have to file and pay those self-employment taxes on that kind of income. You may also have to pay state and city taxes, particularly in the city of Los Angeles. Parents may be held liable for any taxes due by the child that were not paid. Great (but perhaps outdated information given the changes to artist's taxation in the past few years) on this topic and others can be found at www.bizparentz.org/federal-taxes/.
- 9) It is your responsibility to deposit talent's checks before they expire (90 days from check date), pay their taxes, and keep accurate records of their jobs worked, their earnings and expenses. We highly advise keeping a spreadsheet notating monies earned, taxes paid, commissions deducted, Coogan deposits made, etc. Be advised of the following fees PMT applies to accounting matters (updated in January of 2016):
 - a. Reissue of expired check within the same calendar year - \$10 per check
 - b. Reissue of expired check in a different calendar year - \$20 per check
 - c. Lost check stop payment and reissue fee - \$40 per check (yes, it's high – our bank charges us a lot!)
 - d. Yearly summary report for checks issued by PMT - \$25
- 10) **EXTRA CREDIT:** What is a "loan-out"? You may see this term on contracts. A loan-out refers to a corporation that offers the services of the talent. It is typically only used by those making a lot of money (more than \$100,000 per year) who wish to shelter that income from personal income taxes, deduction

limitations and review. Loan-outs then go on record as the employer of record and are responsible for all legal requirements, such as employment laws and Coogan deposits. Production is then effectively contracting with a corporation for the services of the talent. The IRS has strict guidelines regarding the set-up requirements for loan-out corporations. One cannot just use an existing entity conducting any other business as a loan out. For more information please consult with your accounting professionals and see <http://www.bizparentz.org/incorporation/>.

ADDITIONAL GUIDELINES FOR MINORS

- 11) We hear that some bank tellers hesitate if you go into the branch to deposit your child's checks, but they usually go right through if you use the ATM. We have also heard that some banks believe that any check that is brought in for your child must be deposited in its entirety into their Coogan account. They are incorrect; only 15% of their gross earnings is required to go into the Coogan, and only if their Coogan payment was not already made by payroll. The easiest way to avoid this issue with your bank is to deposit the check into your child's basic savings account and then transfer the appropriate amount into their Coogan account. You may not want to deposit the entire check into your child's Coogan since it is a blocked account that can only be accessed by the child once they turn 18. Coogan accounts also earn very little interest on the deposits. Please consult with an investment advisor to address how best to invest your child's money. Coogan deposits are made directly by the entity engaging your child, not by PMT. You will see the deposits made on the stub that comes from the payroll company if your child was hired as an employee. If you do not see the equivalent amount deposited into your child's account within 2-3 weeks of the check issuance, you must call the payroll company at the number on payroll stub to follow up and confirm they have the correct account and routing information. PMT has no information about the Coogan deposits and payroll companies will not discuss the state of the deposits with us, only with the talent or guardian.
- 12) When your child works a job, ALL of the money they earn is THEIRS. If you keep receipts and accurate records you may elect to reimburse yourself for expenses such as meals required on the road, gas, audition/job wardrobe, photographs, classes, set guardian fees, and even a reasonable manager's fee (if they do not have a paid manager.) Allowable expenses do not include anything you would normally have to spend money on like diapers, clothes not specifically purchased for a job or audition, and everyday care of your child. If you have twins and one works more than the other, or one gets filmed and gets the residuals and not the other, you legally cannot "share" the earnings with the other twin. Please consult with your accountant or legal advisor for more information.