

## Information Bulletin

### Tax Information for Overseas Touring Artists performing in Belgium—Sales/VAT Taxes and Withholding Tax Regimes

#### General

**Belgium** provides for certain exemptions, under its various double taxation agreements, for activities funded from public funds as well as providing a threshold of US\$20,000 or the Euro equivalent in the key United States Double Taxation Agreement. However, to benefit from the US\$20,000 threshold the Artist must sign a sworn statement noting, amongst other matters, that the amount of the Belgian gross income, including the costs paid to him or charged on his behalf, does not or will not exceed \$20,000 (or the equivalent value in Euros) during the tax period. Note that there is also an exemption of €400 per artist to cover local expenses—travel, hotels and catering.

VAT on ticket sales is now 6% with show costs subject to varying rates from 6% to 21%.

Withholding tax is levied on Artist earnings from touring revenue generated in Belgium at a rate of 18%.

A tax submission must be made for a tax ruling in order to mitigate the withholding tax, after the performance. This tax ruling will, if successful, permit the deduction of legitimate production expenses, agency and management fees and commissions from the gross artist fee subject to withholding. It is of paramount importance to provide the appropriate documentation to support any such claim exemption.



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#### Sales Tax/VAT Rates in Belgium

The following are the VAT (**Belasting over de Toegevoegde Waarde (BTW)/ Mehrwertsteuer (Mwst)/Taxe sur la Valeur Ajoutée (TVA)**) rates applicable to touring activities in Belgium:

- Ticket Sales – 6% divisive tax
- Costs – 21% (certain costs are at the lower 12% and 6% rates)
- Merchandise
  - Standard – T-Shirts etc. 21 %
  - Books 21 %
  - Programs 21 %

## Withholding Tax Rates in Belgium

Artist Fees	18%	
Production Fees	18%	(subject to tax submission)
Promotion Fees	18%	(subject to tax submission)
Royalties	0%	(United States)
Royalties	0%	(United Kingdom)

### Double Taxation Treaties

#### Belgium—United States

The Belgium-United States Tax Treaty section devoted to income derived by Entertainers and Sportsmen is Article 16, which Article is transcribed below. The Article provides for withholding tax to be levied, except where the amount of the income derived by the Artist from such activities, does not exceed US\$20,000 or the Euro equivalent, for the taxable year concerned.

To mitigate the effects of the withholding tax a tax submission must be made, after the performance, for a tax ruling in an effort to exempt from withholding tax such items as legitimate production expenses, agency and management fees and commissions.

The full Article reads as follows:-

#### Article 16 – Entertainers and Sportsmen

- Income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Contracting State, which income would be exempt from tax in that other Contracting State under the provisions of Articles 7 (Business Profits) and 14 (Income from Employment) may be taxed in that other State, except where the amount of the gross receipts derived by such entertainer or sportsman, including expenses reimbursed to him or borne on his behalf, from such activities does not exceed twenty thousand United States dollars (\$20,000) or its equivalent in Euro for the taxable year of the payment.
- Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to that entertainer or sportsman but to another person, that income may, notwithstanding the provisions of Articles 7 and 14, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised, but only in cases in which the contract pursuant to which the personal activities are performed
  - designates (by name or description) the entertainer or sportsman: or
  - allows the other party to the contract (or some third person other than the entertainer, sportsman or the first mentioned other person) to designate the individual who is to perform the personal activities.

## Double Taxation Treaties (continued)

### Belgium—United Kingdom

The Belgium - United Kingdom Tax Treaty has a separate section (Article 17) devoted to income derived by Artistes and Athletes. The Article is transcribed below and provides for withholding tax to be levied by the State in which the activities of the Artist are exercised. This also applies where the income accrues not just to the entertainer but also to a third party. There are no provisions which would exclude such amounts from withholding tax on the Artist.

Note, however, that paragraph 3 of the Article provides for an exemption from withholding tax where the activity in a Contracting State is substantially supported by public funds of the other Contracting State or a political subdivision or local authority thereof.

The full Article reads as follows:-

#### Article 17 - Artistes and Athletes

1. Notwithstanding the provisions of Articles 14 and 15 of this Convention, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as an athlete, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.
2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.
3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, income derived from activities performed in a Contracting State by entertainers if the visit to that State is substantially supported by public funds of the other Contracting State or a political subdivision or local authority thereof.

*“The Belgium Double Taxation Treaty with the United States provides an earnings threshold of US\$20,000 or Euro equivalent below which income earned on activities in Belgium is not taxable for non-resident Artists/ Entertainers for the relevant taxable year where a Sworn Statement is provided to that effect”*



***tmi business management*** — providers of *Financial and Taxation Services to International Touring Artists*

*We are based in Ireland, with associates in The Netherlands, Germany and Canada.*

*If you would like some more information please contact our President, Philip Brennan, directly using the contact details provided.*

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*Philip*

The enclosed taxation information is for the user's guidance only. The information is designed to outline certain tax rates and tax issues in the countries concerned. It is not intended to be a definitive guide to action but should you need more information or more advice please do not hesitate to contact us at the details noted above. We hope you will find this information helpful.

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