

## Information Bulletin

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

#### General

**Denmark** does not levy withholding tax on non-resident artists, despite the provisions in the Double Taxation Treaties which provide for withholding tax to be levied in most cases. There is a threshold of US\$20,000 or the Danish Kroner equivalent in the key United States Double Taxation Treaty but there is no such threshold provision in the Denmark-United Kingdom Double Taxation Treaty.

The position taken locally on the issue of withholding tax on Artist performances is that, unless the performances are of a more permanent nature which would constitute a Permanent Establishment, or where the Artist is employed locally by a Danish organization, such performances are deemed to be out of the scope of withholding tax.

VAT (MOMS - merværdiafgift, formerly **meromsætningsafgift**) on ticket sales and show costs is 25% which is quite a significant cost and certainly one of the highest VAT rates in Europe although other countries have been steadily increasing over the last few years in an effort to raise tax revenue.



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#### Sales Tax/VAT Rates in Denmark

The following are the VAT (**MOMS**) rates applicable to touring activities in Denmark:

- Ticket Sales – 25% divisive tax
- Costs – 25%
- Merchandise
  - Standard – T-Shirts etc. 25 %
  - Books 25 %
  - Programs 25 %

## Withholding Tax Rates in Denmark

Artist Fees	0%	
Production Fees	0%	
Promotion Fees	0%	
Royalties	0%	(United States)
Royalties	0%	(United Kingdom)

## Double Taxation Treaties

### Denmark—United States

The Denmark-United States Taxation Treaty section devoted to income derived by Artists and Sportsmen is Article 17, which Article is transcribed below. The Article provides that withholding tax “may be” levied, except where the amount of the gross receipts derived by the Artist, including expenses reimbursed to him/her or borne on his/her behalf from such activities, does not exceed US\$20,000 or the Danish Kroner equivalent, for the taxable year concerned. This also applies where the income accrues not just to the entertainer but also to a non-resident third party in certain circumstances, unless it can be shown that the Artist does not participate directly or indirectly in such receipts or profits.

**In practice**, Artist fees or payments to Production companies for performances in Denmark are treated as exempt from withholding tax under the local taxation regulations. The local regulations focus on the fact that the Artists are not resident in Denmark nor are they employed by a Danish organization and the performance is, therefore, of a non-permanent nature.

The full Article reads as follows:-

### Denmark - United States

#### Article 17 – Artistes and Sportsmen

1. 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 would be exempt from tax in that other Contracting State under Articles 14 (Independent Personal Services) and 15 (Dependent Personal Services), 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 Danish Kroner for the taxable year concerned.
2. Where income in respect of activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman but to another person, that income may, notwithstanding the provisions of Articles 7 (Business Profits) and 14 (Independent Personal Services), be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised, unless the entertainer or sportsman establishes that neither the entertainer nor sportsman nor persons related thereto participate directly or indirectly in the profits of that other person in any manner, including the receipt of deferred remuneration, bonuses, fees, dividends, partnership distributions or other distributions.

## Double Taxation Treaties (continued)

### Denmark—United Kingdom

The Denmark - United Kingdom Taxation 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.

**In practice**, for similar reasons to Artists subject to the Denmark - United States Double Taxation Treaty, Artist fees or payments to Production companies for performances in Denmark are treated as exempt from withholding tax.

The full Article reads as follows:-

### Denmark - United Kingdom

#### Article 17 – Artistes and Athletes

1. Notwithstanding the provisions of Articles 14 and 15, 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.

*“The Denmark Double Taxation Treaty with the United States provides an earnings threshold of US\$20,000 or Danish Kroner equivalent, including expenses reimbursed to him/her or borne on his/her behalf from such activities, below which income earned on activities in Denmark is not taxable for non-resident Artists/Entertainers for the taxable year concerned.*

*In practice, Artist fees or payments to Production companies for performances in Denmark are treated as exempt from withholding tax for Artists resident in the United States and in the United Kingdom.”*



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

*We are based in Ireland, with associates in The Netherlands 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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*If you would like to receive more of our Taxation Fact Sheets please visit our website at [www.tuibusiness.com](http://www.tuibusiness.com) and Subscribe and we will ensure you get all the sheets when issued and any ones you may have missed.*

*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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