

Information Bulletin

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

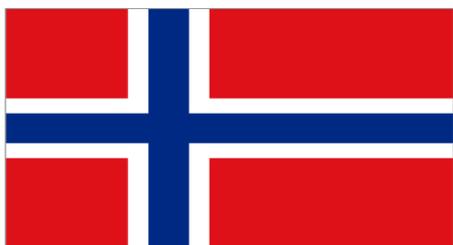
General

Norway has traditionally subjected all fees paid to non-residents Artists and Athletes to 15% withholding tax. No distinction was made between artist fees and separate production fees paid to independent production companies. This has changed in recent years as a result of ongoing discussions, submissions and the recent case concerning a major Artist appealing its tax treatment.

The result is that withholding tax is not levied on certain types of production expenses (where appropriate backup is provided to the local promoters) and if certain conditions are fulfilled, a separate independent production company may now also be free of any withholding tax.

Ticket sales are exempt from VAT (Merverdiavgift or MVA) with show costs subject to varying rates from 0% to 25%. However, as ticket sales are exempt there is no input credit for the VAT on show costs for the local promoter.

As noted above, withholding tax is levied on Artist earnings from touring revenue generated in Norway at a rate of 15%. Many of the double taxation agreements entered into by Norway provide that income accruing not to the entertainer but to a non-resident third party, can be exempt from withholding tax, where it can be shown that the Artist does not participate directly or indirectly in such receipts or profits. This is now being applied more properly in practice.



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Sales Tax/VAT Rates in Norway

The following are the VAT (MVA) rates applicable to touring activities in Norway:

- Ticket Sales – exempt
- Costs – 25% (certain costs are at the lower 15%, 8% and 0% rates)
Note that, as Ticket Sales are exempt, there is no VAT credit for VAT on costs.
- Merchandise
 - Standard – T-Shirts etc. 25%
 - Books 0%
 - Programs 0%

Withholding Tax Rates in Norway

Artist Fees	15%	
Production Fees	15%	(with mitigation now possible)
Promotion Fees	15%	(but Agency Services are free of withholding tax)
Royalties	0%	(United States)
Royalties	0%	(United Kingdom)

Double Taxation Treaties

Norway—United States

The Norway-United States Tax Treaty has two sections - Article 13 - Independent Personal Services and Article 14A - Artistes and Athletes (under a Protocol amendment from 1980). Article 13 provides for withholding tax to be levied in the Contracting State where the activities are exercised, where the Artist or Athlete is present in that State for more than a total of 90 days or such income exceeds in the aggregate US\$3,000 or its Norwegian kroner equivalent, in both cases, during a taxable year. Article 14A under the Protocol Agreement provides that 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. However, note that under the Protocol Agreement the threshold noted above was increased to US\$10,000 or its Norwegian kroner equivalent, in both cases, during a taxable year.

The Articles read as follows:-

Article 13 – Independent Personal Services (Para. 2 part only)

Income derived by an individual who is a resident of one of the Contracting States from the performance of personal services in an independent capacity in the other Contracting State may be taxed by that other Contracting State, if:

- (c) The individual is a public entertainer, such as a theatre, motion picture or television artiste, a musician, or an athlete, and the income is derived from his personal services as a public entertainer provided that he is present in that other Contracting State for more than a total of 90 days during the taxable year or such income exceeds in the aggregate US\$3,000 or its equivalent in Norwegian kroner during the taxable year.

Article 14A – Artistes and Athletes (under a Protocol amendment from 1980)

1. Where income in respect of activities exercised by an entertainer or an athlete in his capacity as such accrues not to that entertainer or athlete but to another person, that income may, notwithstanding the provisions of Articles 5 (Business Profits), 13 (Independent Personal Services) and 14 (Dependent Personal Services), be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised. For purposes of the preceding sentence, income of an entertainer or athlete shall be deemed not to accrue to another person if it is established that neither the entertainer or athlete, nor persons related thereto, participate directly or indirectly in the profits of such other person in any manner, including the receipt of deferred remuneration, bonuses, fees, dividends, partnership distributions, or other distributions.

Double Taxation Treaties (continued)

Norway - United Kingdom

The Norway - United Kingdom Tax Treaty, which came in to force in respect of taxes on income relating to 2014, has a section (Article 16) devoted to income derived by Artistes and Sportsmen. 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. Again, this also applies where the income accrues not just to the entertainer but also to a non-resident third party. There are no provisions, as in the United States Treaty Protocol, which would exclude such amounts from withholding tax on the Artist.

The full Article reads as follows:-

Article 16 - Artistes and Sportsmen

1. Notwithstanding the provisions of Articles 14, 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, may be taxed in that other State.
2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself 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.

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tmi business management

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.

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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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