

Information Bulletin

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

General

Sweden levies withholding tax at a rate of 15% on all non-resident artists, providing a threshold of US\$6,000 for any twelve month period in the key United States Double Taxation Agreement but, unfortunately, there is no such threshold provision in the Sweden-United Kingdom Double Taxation Agreement.

VAT on ticket sales is now 6% with show costs subject to varying rates from 6%, 12% and a standard rate of 25%.

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 from the gross artist fee subject to withholding. Agency and management fees and commissions are not allowable. *tmi business management* has been very successful in obtaining such rulings.

It is of paramount importance to provide the appropriate documentation to support any such claim exemption.



Inside this issue:

General	1
Sales Tax/VAT Rates in Sweden	1
Withholding Tax Rates in Sweden	2
Double Taxation Treaty – United States	2
Double Taxation Treaty – United Kingdom	3

Sales Tax/VAT Rates in Sweden

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

- Ticket Sales – 6% divisive tax
- Costs – 25% (certain costs are at the lower 6% and 12% rates)
- Merchandise
 - Standard – T-Shirts etc. 25 %
 - Books 6 %
 - Programs 6 %

Withholding Tax Rates in Sweden

Artist Fees	15%	
Production Fees	15%	
Promotion Fees	15%	
Royalties	0%	(United States)
Royalties	0%	(United Kingdom)

Double Taxation Treaties

Sweden—United States

The Sweden-United States Tax Treaty has a section (Article 18) devoted to income derived by Artistes and Athletes. The Article is transcribed below and provides for withholding tax to be levied, except where the amount of the gross receipts derived by the Artist, including expenses reimbursed to him or borne on his behalf from such activities, does not exceed US\$6,000 or the Swedish Kronor equivalent, for any twelve month period. 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.

The full Article reads as follows:-

Article 18 – Artistes and Athletes

1. Notwithstanding the provisions of Articles 14 (Independent Personal Services) and 15 (Dependent Personal Services), 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, except where the amount of the gross receipts derived by such entertainer or athlete, including expenses reimbursed to him or borne on his behalf, from such activities do not exceed six thousand United States dollars (\$6,000) or its equivalent in Swedish Kronor for any twelve month period.
2. Where income in respect of activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete 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 athlete are exercised, unless it is established that neither the entertainer or athlete, nor persons related thereto, participate directly or indirectly in any 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)

Sweden—United Kingdom

The Sweden-United Kingdom Tax Treaty, (the new Treaty which, in respect of taxes withheld at source, applies for amounts paid or credited on or after 1st January 2016) also has a separate 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. 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.

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 14, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

“The Sweden Double Taxation Treaty with the United States provides an earnings threshold of US\$6,000 or Swedish Kronor equivalent below which income earned on activities in Sweden is not taxable for non-resident Artists/Entertainers for any twelve month period”



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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If you would like to receive more of our Taxation Fact Sheets please visit our website at www.tmibusiness.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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