

Information Bulletin

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

General

The Netherlands (Holland) provides a very favourable environment for touring artists quite apart from being a large market within in a small land mass.

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

Withholding tax is 20% on earnings from performances by non-resident artists. However, where the artist is resident in one of the many countries with which The Netherlands has a Double Taxation Treaty, then such earnings from performances will be exempt from withholding tax. Proof of appropriate residence can be a copy of the Artists passport and the Artists address in his/her own country of residence. For groups, the promoter should be provided with the above information for the majority of the group.

Where the Artist is not resident in any of the countries where a double tax agreement exists a tax submission can be made for a “kostenvergoedingsbeschikking” (KVB) on your behalf to have your production costs and management and agents commissions waived. The Artist also has the option to file an income tax return at year in The Netherlands, which may result in a tax refund.



Sales Tax/VAT Rates in The Netherlands

The following are the VAT (**Belasting over de Toegevoegde Waarde /BTW**) rates applicable to touring activities in The Netherlands:

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

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Withholding Tax Rates in The Netherlands

Artist Fees	20%	
Production Fees	20%	
Promotion Fees	20%	
Royalties	0%	(United States)
Royalties	0%	(United Kingdom)

Double Taxation Treaties

The Netherlands—United States

As noted above where a visiting artist performs in The Netherlands, the earnings from such performance can be exempt from withholding tax in The Netherlands where the artist is resident in one of the many countries with which The Netherlands has a Double Taxation Treaty. One of these countries is the United States. The treaty places a limit of US\$10,000 or the Euro equivalent, for the taxable year concerned (also the calendar year) below which income derived by an artist is not taxed. Such income includes expenses reimbursed to the artist or borne on his/her behalf.

In addition, where income accrues, not to the artist but to a third party, such income may still be taxed in The Netherlands, unless it can be shown that neither the artist or any person related to the artist participates, in any manner, in the profits of that party.

The full Article reads as follows:-

Article 18 – Artistes and Athletes

1. Notwithstanding the provisions of Articles 15 (Independent Personal Services) and 16 (Dependent Personal Services), income derived by a resident of one of the States as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as an athlete, from his or her personal activities as such exercised in the other State, may be taxed in that other State, except where the amount of the gross receipts derived by such entertainer or athlete, for the taxable year concerned, including expenses reimbursed to him or borne on his behalf, from such activities do not exceed ten thousand United States dollars (\$10,000) or its equivalent in Euros on January 1 of the taxable year concerned. In the latter case the exemption can be applied by means of a refund of tax which may have been levied at the source. An application for such refund has to be lodged after the end of the taxable year concerned and within three years after that year.
2. 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 of that other person may, notwithstanding the provisions of Articles 7 (Business Profits) and 15 (Independent Personal Services), be taxed in the 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 the profits of that other person in any manner, including the receipts of deferred remuneration, bonuses, fees, dividends, partnership distributions or other distributions.

Double Taxation Treaties (continued)

The Netherlands—United Kingdom

The Netherlands - United Kingdom Tax Treaty has a separate section (Article 16) devoted to income derived by Entertainers and Sportspersons. 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. However, where the activity is wholly or almost wholly supported by public funds of the State where the Entertainer or Sportsperson is a resident or where the activity takes place under a cultural agreement between the two Contracting States, the income is taxable only in the Contracting State of which that entertainer or sportsperson is resident.

However, as with artists resident in the United States, provision of the appropriate residence documentation will exempt the performance income from withholding tax completely in The Netherlands.

The full Article reads as follows:-

Article 16 - Entertainers and Sportspersons

1. Notwithstanding the provisions of Articles 7 and 14 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 a sportsperson, from his personal activities as such exercised in the other State, may be taxed in that other State.
2. Where income in respect of personal activities exercised by an entertainer or a sportsperson in his capacity as such accrues not to the entertainer or sportsperson himself but to another person, that income may, notwithstanding the provisions of Articles 7 and 14 of this Convention, be taxed in the Contracting State in which the entertainer or sportsperson are exercised.
3. The provisions of paragraphs (1) and (2) of this Article shall not apply to income derived by a resident of a Contracting State from activities exercised in the other Contracting State, if the visit to that other State is wholly or almost wholly supported by public funds of the first-mentioned Contracting State or political subdivisions or local authorities thereof, or takes place under a cultural agreement between the Governments of the Contracting States. In such a case, the income shall be taxable only in the Contracting State of which the entertainer or sportsperson is a resident.

“Where the artist is resident in one of the many countries with which The Netherlands has a Double Taxation Treaty, then such earnings from performances will be exempt from withholding tax.” The Netherlands currently has Double Taxation Treaties in place with over ninety States.



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.tmidbusiness.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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