In the frame of the PEARLE*-EFA partnership and in the context of EFA’s RISE project supported by the Creative Europe Programme 2014-2016 - Capacity Building in the Context of Internationalisation, Cross-Border Cooperation and Mobility - two workshops were organised for EFA and Pearle* members at the occasion of the EFA General Assembly 2015 in Ostrava and the 49th Pearle* Conference in Hamburg.

This time we chose to focus on three subjects that keep coming up in the work (and preoccupations) of all those touring – or programming internationally: Social Security, VAT and Radio Frequencies.

VAT (VALUE ADDED TAX)
(Ostrava & Hamburg)

This practical workshop - led by Bert Nijsten (in Ostrava) and Dick Molenaar (in Hamburg) - aimed to give an insight understanding on the mechanism of VAT - Value Added Tax - in an international context and focused on cross-border cooperation.

VAT is regulated by an EU law. The Council Directive 2006/111/EC implies that all Member States (MS) should have adopted the Directive into their national laws i.e. the national law should be the same as the EU law. Exception: When the national law is more useful than the use of EU law then National law is always sovereign to the EU directive.

To identify how to charge VAT the articles that apply are:

**Article 43:** this article defines who/what is a taxable person
⇔ It’s a natural/legal person who does an activity for which he/it’s being paid for
   i.e. even when you render services for which you are only partially paid you still are a taxable person

When you’re not a taxable person (i.e. you’re exempt because you give your services for free) you can still get a VAT number. This means that if person A is exempt and gets a service from country B then it pays the VAT in country B and does not get it back in country A.

VAT is a tax on consumption this means that – under normal circumstances - in the producing chain, only the final consumer actually pays the tax because all other links of the chain get it back. In other words it means that VAT is charged in the country where the consumer is.
Art 44 and Art 45 (General Rules)
Supplier & recipient are both taxable (Business to business – B2B)
⇒ The country of the recipient is deemed the country where the service is rendered (regardless of where it actually takes place)
  e.g. a Portuguese writer works for a company in Belgium giving a workshop in Spain – Belgium (the country of the “buyer”) is the ‘place where the service takes place’ and where the VAT is charged

Supplier & recipient are not both taxable (Business to Consumer (B2C))
⇒ Services are deemed to be rendered in the country of the supplier regardless of where the real activity is done.
  e.g. a German artist performs in the Edinburgh Fringe Festival; he sends an invoice without VAT to the festival as the VAT-obliged needs to be fulfilled in the UK. The festival needs to take the necessary steps in order to do so.

EXCEPTIONS
Art 47: Hotels: you pay the hotel VAT in the country where the hotel is (so not the VAT rate of your own country) then you can reclaim it back in your own country.
How? You send the application to your own country administration with a scan of the invoice to the special office for International VAT.

ART 53: Supply of Cultural Services
A theatre has a sponsor abroad (the sponsoring includes the purchase of 200 tickets): in this case the theatre charges him the tickets with VAT of the theatre’s country.
If you go to a conference e.g. you go to the conference of ClassicalNext in Amsterdam, Classical Next has to charge the Dutch VAT to your entrance ticket even if Classical Next is officially based in the UK.

Art 54: Services to a non-taxable person for cultural activities
E.g. artists performing abroad for a non-taxable person – it’s taxed in the country where they play
i.e. under normal law orchestra A plays in Belgium @ deSingel (which is a taxable person) then VAT is paid in country A
BUT under Art 54 Orchestra A plays in Belgium at a marriage or a private concert then it pays VAT in Belgium.

VAT exemptions - Art 132
Cultural services and goods supplied by bodies governed by public law are exempt from charging VAT
E.g. the British Film Institute is exempt (because it is governed by public law) and does not have to charge the audience 20% VAT on the tickets.

Also tax governments of countries can choose to apply a lower VAT rate to admission to performances, services and royalties by writers, composers and performing artists. Not all do of course. See list in annex.

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