

Workshops on Artist Taxation, Social Security and VAT | Monday July 6th 2015 | 10:00-12:30

@ the European Theatre Academy from the European Theatre Convention, ISTS, Avignon (FR)



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 - **an extra workshop** was organised for the European Theatre Convention (ETC) at the occasion of the European Theatre Academy during the Avignon Festival 2015.

Dick Molenaar was the guest speaker and we chose to focus on three subjects that keep coming up in the work (and preoccupations) of all those touring – or programming internationally.

ARTIST TAXATION

Almost every country levies a tax on income generated in their country by non-inhabitants. This prevents that there will be no taxation at all when those non-inhabitants return to their home country, and is meant to cover services rendered by public institutions in the guest country. At the same time the home country also levies taxes on income generated by their inhabitants abroad. This means that a double taxation would occur. In order to avoid this, agreements between countries ('bilateral') were introduced on the base of regulations of the OECD (Organisation for Economic Co-operation and Development).

The OECD model convention prescribes as a general rule that employers and their employees, and self-employed workers are taxed on their worldwide income in their home country. The OECD further prescribes that artists are an exemption (article 17): because they are mobile (and maybe don't have a fixed or permanent address) and because in the past often cash payments were made, their income will be taxed in the country where they acquire their income. As a result the artist can deduct de tax paid in the work country, from the tax in his home country, as this home country will levy tax as well on the total income during one year. This will be done on the basis of an attestation that the artist needs to receive in the work country.

Those OECD prescriptions are not exactly followed by all countries. So it is important to look at the bilateral agreements between 2 countries in order to know if taxes on artist income is obliged in the work country abroad, if there are exemptions and what their conditions are, what that tax rate is,...

In the full brochure that appears later this year, those general rules, as well as an overview of the different bilateral agreements, the exemptions, jurisdiction and precedents, the EU point of view, recommendations for policy-makers and different Pearle*-actions on this,... will be described. Dick Molenaar, tax adviser at All Arts Tax Advisers / Rotterdam, writes the content.

SOCIAL SECURITY

While you don't see any direct return to you when you pay taxes on income (like described above), this is different for Social Security. While paying for it, you obtain rights in the different sections of the Social Insurances (pension, unemployment benefits, reimbursement of costs of illness,...). The rules for every country are harmonized by the EU in an EU-directive, it means that the general rules are the same for all EU-habitants and need to be reflected in national rules, but they are not always applied the same way by each country.

The main rule is that Social Security needs to be paid only in one country, so each individual can apply for his rights in only

one country. In general it is the country where you work, starting from the principle that you do only 1 job for 1 employer, which is not the case in our sector. Here some other rules appear:

1/ even if you work in another country (sometimes and additionally), your social security remains in your home country ; the A1 form is to prove that social security will be arranged by your home country, while working abroad

2/ an employer abroad that engages you and needs to pay social security, needs to do so in your home country as long as you're working there more than 25% of your time

3/ if you combine different statutes, the rules as an employee are stronger than those of self-employment

The conclusion of the workshops was also that the social security institutions of each country work together in order to have the social security arranged the best way possible for their EU-inhabitants. While they also remain fully at our disposal for any questions, issue, conflict regarding this subject.

In the full brochure that appears later this year, the general rules, obligations & rights, ... but especially all kinds of exceptions and combinations that occur in our sector (time working, employee vs. self-employment, working in two and more countries, freelance work, ...),... will be described completely. Also here, jurisdiction, suggestions for policy-making and action points for Pearle* will be added. The brochure will be drafted under the supervision of Dimitri Vanhoeymissen and Bruno De Pauw, both specialist at the international section of the Belgian Social Security Institutions (and who presented the workshops in Ostrava and Hamburg).

VALUE ADDED TAX (V.A.T.)

The VAT can be considered as a tax on consumption, as the end consumer pays a tax on the moment that he buys a service or good. However every chain in the economic process has to deal with it, as every retailer, producer, manufacturer,... is obliged to levy this tax and to pay it to the state, while he can deduct the tax that he paid himself when buying goods or services. As with the Social Security the VAT-rules are harmonized in the EU which means that the general rules need to be taken over by every country. Here also the implementation is different from country to country (e.g. tax rates, tax exemptions,...).

As a general rule the VAT is paid in the country of the consumer where the services are supplied (where the performance takes place, where the audience is). But if the other party has a non-taxable statute (individuals) or is exempted (which is often the case with State institutions, theatres,...), the country of the supplier is responsible for paying the VAT.

In the full brochure, the different steps in the VAT-system will be described, as well as some typical exchanges of goods and services in our sector and with international clients. A view will be given on the differences between all EU-countries, and a hands-on step-by-step guideline for those who have to deal with VAT in cross boarder working. The brochure will also be drafted by Dick Molenaar.

Report by Lies Martens

This activity is part of the EFA RISE project implemented with the support of the Creative Europe Programme of the European Union



Co-funded by the
Creative Europe Programme
of the European Union

