

## Taxation of International Performing Artists

The tax rules for international performing artists are very different from normal tax rules. For instance, taxation occurs in the country of performance, regardless of whether an artiste is self-employed or an employee. Since 1963 the OECD has adopted this special rule in Article 17 of its Model Convention as an anti-avoidance measure, and most countries have taken it over into their tax treaties and national rules.

Unfortunately, these special tax rules lead to obstacles. This book considers the problems regarding, for example, the determination of taxable income and the non-deductibility of expenses and tax credits in the country of residence, and gives clear examples of excessive taxation. The top stars with their high earnings may be able to avoid these difficulties, but other artistes can experience substantial problems when performing abroad. And this while research in the book indicates that the tax revenue accruing from this special taxation is a negligible proportion of a country's budget.

Recent cases before the European Court of Justice have led to awareness of these problems. The conclusion is that some parts of the special artiste tax rules need to be adjusted in the Member States of the European Union, making the taxation of artistes fairer.

The book shows that options are available to improve the taxation of international performing artists. Some options can be implemented at short notice, but the position could also be drastically amended by completely removing the obstacles for international performing artists without affecting countries' tax revenue.

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*Dr Dick Molenaar is a partner with All Arts Tax Advisers in Rotterdam, the Netherlands. He specializes in international tax issues of performing artistes. The obstacles resulting from the special tax rules led him to undertake this doctoral research at the Erasmus University of Rotterdam. Dr Molenaar is a member of numerous international organizations and has published books and articles on the international taxation of artistes. He is also on the board of several cultural organizations and participates in various international events.*

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