

TAX ISSUES FOR MUSIC COPYRIGHTS - PUBLISHERS, COMPOSERS, AUTHORS AND COLLECTING SOCIETIES

IN: THE NETHERLANDS

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Dr. Dick Molenaar

All Arts Tax Advisers
Erasmus University – Tax Law Department
Rotterdam, the Netherlands

DOMESTIC RULES (1)

Authors and composers:

- No withholding tax
- Income tax:
 - ◆ Business income, not employment income
 - ◆ Expenses are deductible
 - ◆ Rates: 36% - 52%, but self-employed deduction leading to effectively 31% - 45%
- Corporation tax: when using a BV (limited liability company), there are two options:
 - ◆ Proceeds of the rights are given to the BV and copyright is held by the creator
 - ◆ Rights are transferred to the BV
 - ◆ Rates: 20% - 25%, but followed by income tax of 25% of 80% or 75%, which means effectively 40% - 43,75% ²

DOMESTIC RULES (2)

Publishers:

- Can be income tax, but most often a BV is used, so corporation tax

Collection societies:

- Vereniging Buma: performance income
- Stichting Stemra: sales income
- Stichting Sena / Stichting Norma: neighbouring rights income
- Vereniging (association) or stichting (foundation) is exempted from corporation tax when it does not run a profitable business and does not compete with other businesses. In NL these collection societies therefore do not fall under the corporation tax.

VAT

- Exemption for authors and composers (Art. 11.1.q Wet op de omzetbelasting). This exemption already exists for many years, but there seems to be no legal basis in EU VAT Directive 2006/112/EU.
- The EU Directive allows the use of the reduced VAT rate (in Annex III(9)), but NL is not using that.
- Problems with the deduction of input tax may arise.
- Publishers and collections societies are taxable for VAT, because they are not the authors or composers.

INTERNATIONAL

No withholding tax on outgoing copyright income:

- Royalties
- Advances
- Fixed fees

- The Rolling Stones and many other famous artists are members of the BUMA/STEMRA.
- The NL considers this as one of the crown jewels of the international Dutch economic policy.
- Bilateral tax treaties: 95. Very often 0% WHT in tax treaty. This makes structuring very simple.

- Residence state: foreign tax credit

TAX TREATIES - NL

Argentina	5%	Germany	0%	Poland	5%
Australia	10%	Greece	5/7%	Portugal	10%
Austria	0/10%	Hungary	0%	Slovakia	5%
Belgium	0%	Iceland	0%	South Africa	0%
Brazil	15%	India	20%	South Korea	15%
Bulgaria	5%	Indonesia	10%	Spain	6%
Canada	10%	Ireland	0%	Sweden	0%
China	10%	Italy	5%	Switzerland	0%
Croatia	0%	Japan	0%	Turkey	10%
Czech Rep.	5%	Luxemburg	0%	UK	0%
Denmark	0%	Mexico	10%	USA	0%
Finland	0%	New-Zealand	10%		
France	0%	Norway	0%		