



Conference - ADE Pro

20/10/2016 - 14:00 - 14:45 Felix Meritis (F10 Panel Room)

THE TROUBLE WITH TAXES!

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Moderator: Dave Clarke (GB)
DJ/ Producer

Unless you are a multinational corporation, or a morally dubious individual, you pay your taxes. On this panel you can find out how to be efficient and not overpay, how to realise all the legitimate deductions available to you, how to credit double tax from other countries against your domestic end of year amount, work out VAT (BTW) and the correct rate to charge, as well as whether you need to account for VAT in separate EU countries. We also discuss the abolishment of the VAR system in Holland and what you need to do in its place. Come join us, and learn from our friendly panel.

UNITED STATES OF AMERICA

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Other sources of information:

- www.artistsfromabroad.org

INCOME (AND CORPORATION) TAX

- Withholding tax: 30% from gross fee
- Income tax rates: 10%, 15% (> \$9,275), 25% (>\$37,650), 28% (>\$91,150), 33% (>\$190,150), 35% (>\$413,350) and 39,6% (>\$415,050)
- Corporation tax rates: 39%
- State taxes: between 0% (Nevada, Florida, Texas, Washington) and 5 - 9,9%(Oregon) and 1 - 13,3% (California) plus evt. city tax.
- Deduction of expenses: via Central Withholding Agreement (CWA) prior to US performances
- Tax returns after the end of the year: possible via 1040NR or 1040NR-EZ / use of normal rates
- Exemptions based on tax treaties:
 - De-minimis-amount of (new standard) \$30,000, but varying in practice between \$10,000 (France, Netherlands) and \$20,000 (Belgium, Germany, UK) per artist per year
 - Independent contractors, not owned by the performing artists
 - Royalties and other copyright income (or lower withholding tax rate)
- No social security contributions

FOREIGN INCOME

Elimination of double taxation for foreign income:

- Foreign Tax Credit (FTC)
- Basket method: all foreign income and foreign taxation can be brought together for the FTC
- Not against

SALES TAX

State and local sales tax: between 0% (Oregon) and 9,46% (Tennessee)

GERMANY

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Other sources of information:

- www.touring-artists.info

INCOME (AND CORPORATION) TAX

- Withholding tax: $15\% + (5,5\% \times 15\%) = 0,825\%$ SolZ = 15,825% from gross fee
- Income tax rates: 14%, progressive up to 45% (> €254.447) + SolZ
- Corporation tax rates: 15% + municipal trade tax of 14-17% + SolZ, in total 30-33%
- No separate state income taxes
- Deduction of expenses:
 - Only for EU-residents
 - Directly with the promoter/festival/club and its local Finanzamt or the Bundeszentralamt für Steuern
- Tax returns after the year: Einkommensteuererklärung or Körperschaftsteuererklärung / normal rates
- Exemptions based on tax treaties:
 - De-minimis-amount with USA: \$20,000 per artist per year, but only applicable after the year
 - Sometimes subsidized artists are exempted from source tax (depending on treaty)
 - Royalties and other copyright income (or lower withholding tax rate)
- Social security contributions (Künstlersozialversicherung) for promoters: 5,2% from fee

FOREIGN INCOME

Elimination of double taxation for foreign income:

- Sometimes tax exemption of foreign income, otherwise foreign tax credit (depending on treaty)
- Basket method per method: exemption / credit (foreign income and foreign taxation can be brought together)

VALUE ADDED TAX (VAT)

- EU rules, only VAT on services and goods within the EU
- VAT rates:
 - normal 19%
 - low 7%: e.g. for entrance fees (Berghain decision by FG Berlin-Brandenburg)

THE NETHERLANDS

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INCOME (AND CORPORATION) TAX

- Withholding tax: 20% from gross fee
- Exemption for artists from the 94 countries with which the Netherlands have a tax treaty
- Income tax rates: 8,4%, 12,25% (> € 19.922), 40,4% (> € 33.715) and 52% (> € 66.421)
- Corporation tax rates: 20%, 25% (>€ 250.000)
- No separate state income taxes
- For artists from other countries:
 - Deduction of expenses, application at central tax office
 - Tax returns after the year / normal rates
- Exemptions based on tax treaties:
 - De-minimis-amount with USA: \$10,000 per artist per year, but only applicable after the year
 - Sometimes subsidized artists are exempted from source tax (depending on treaty)
 - Royalties and other copyright income (or lower withholding tax rate)
- No social security contributions up to 3 months

FOREIGN INCOME

Elimination of double taxation for foreign income:

- Sometimes tax exemption of foreign income, otherwise foreign tax credit (depending on treaty)
- Basket method per method: exemption / credit (foreign income and foreign taxation can be brought together)

VALUE ADDED TAX (VAT)

- EU rules, only VAT on services and goods within the EU
- VAT rates:
 - normal 21%
 - low 6%: e.g. for entrance fees (Berghain decision by FG Berlin-Brandenburg)