

Tax and Social Security

a basic guide for artists and cultural operators in Europe

by Judith Staines

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1. INTRODUCTION

Mobility is a fundamental aspect of working life for many artists and cultural operators in Europe. When an arts professional is employed outside their country of residence, whether for a short or long period, they are generally subject to the tax legislation of the country where they go to work. This can be a confusing business. Tax and social security are complex issues which are organised in very different ways from one country to another. Legislation changes frequently so it is important to get up-to-date advice. You may even find that the rules are applied or interpreted differently within the same country.

This basic guide has been prepared to help artists and arts professionals understand better the main issues that affect how and what they are paid when they work abroad in Europe. It is written in straightforward language and seeks to demystify some of the jargon.

The guide does not aim to provide a complete list of all the tax regulations currently in force for any arts professional from any country working anywhere in Europe. Such a document would be extremely long, very technical and instantly out-of-date. Rather, it provides links to sources of up-to-date information, some written for the cultural sector and other more general websites. It describes the current situation for a number of European countries and features *Real Life Stories*, presenting ways in which arts companies and promoters actually operate.

2. WHO IS THIS GUIDE FOR?

This guide has been written for artists and arts professionals in Europe. It addresses artists in all arts disciplines although much of the research has concentrated on the experience of performing arts practitioners and promoters. The guide is intended for artists from across Europe, even though the examples quoted do not deal with every individual country.

The information will be most useful for individuals and companies starting to work internationally or those going to work in a particular country for the first time. It is also intended for arts organisations receiving artists from abroad. In general, it will assist cultural practitioners to understand better the tax and social security implications of working abroad.

If you are responsible for managing international artists, IAMA (International Artist Managers' Association) provides international tax advice for its members from accountants Baker Tilly International. A short 'Tax Guide for Non Resident Entertainers' is useful reading for all artists and cultural operators working abroad and is available on the IAMA website www.iamaworld.com/taxguide/nonresen.htm. Country summaries detailing the tax, VAT and social security implications of performing abroad are accessible to members only.

3. THREE BASIC PRINCIPLES

Research indicates three principles which experienced arts professionals adopt:

1. **DON'T ASSUME** that tax and social security will be organised in the same way as in your own country.
2. **USE YOUR NETWORKING SKILLS** to get advice from colleagues with experience of working in the particular country or professional context you are going to.
3. **ALWAYS CHECK** that you have the most up-to-date information.

4. YOUR STATUS: THREE ESSENTIAL ELEMENTS

How you will be treated under the tax regime of the country where you work is affected by three factors:

4.1 Resident or non-resident?

If you normally live and work in one country but travel temporarily to another to work (e.g. as a dancer on tour) you will be treated as a non-resident under the tax legislation of the second country. A non-resident may also be described as a 'short-term visitor'. Each country provides its own definition of residency for tax purposes. In Sweden, for example, you can work for up to six months as a non-resident while in other European countries it may be anything from three to twelve months. To be considered as a non-resident taxpayer, you may be required to provide your overseas employer with evidence that you are registered as a taxpayer in your country, e.g. a tax number, VAT number or the widely used E101 form (see 5.3). There may be a statement in your contract to confirm that you are responsible for paying tax to the authorities in your own country on income earned in another country.

Non-resident tax status doesn't mean that you pay no tax. On the contrary, you are normally liable to pay tax on any income you earn in that country but it is calculated on a different basis from a resident taxpayer. You should not be taxed at a higher rate than a resident taxpayer. The situation varies considerably from one country to another with widely differing tax rates and exemptions granted in some cases. In addition, there may be tax-free allowances for some expenses which, again, are different according to the country's tax legislation. The lack of consistency in the way the rules are applied from one country to another and even within the same country make it all the more important to work with an experienced local arts promoter who knows how the system works.

Obviously, if you go to another country and settle there you will be considered resident for tax purposes after a period of time. You will then be treated like all other residents of the country. If you are thinking of going to work for a longer period in another EU country, check out the tax regulations and other formalities for working there on the Europa Citizens Dialogue website <http://citizens.eu.int/>. Another source of practical information which also includes the European Economic Area and Switzerland is the EURES Job Mobility Portal on <http://europa.eu.int/eures/main.jsp?acro=lw&lang=en&catId=490&parentId=0> (see 'Living and Working'). Tax and social security systems have many particularities which can seem peculiar if you are used to the regime in your own country. In some European countries the church can levy income tax and in others special local or federal taxes are deducted.

Don't confuse residency for tax purposes with the immigration-related 'right of residence'. They are not the same thing. Most European countries have national laws requiring you to register as a resident if you go to live and work there and different conditions apply depending on the country (see <http://citizens.eu.int/> for EU countries). This means that you could go to another country to work for a few months, register as a resident and be issued with a residence permit but still be considered a non-resident for tax purposes.

4.2 What work are you doing?

The type of work you undertake while you are in another country can also affect the basis on which you are taxed.

Around the world there are international tax treaties established between countries to avoid the double taxation of people who live in one country and work in another. Within Europe, double tax treaties exist between many countries to facilitate international business and cross-border trade. However, some professions are exempted from these rules and this is the case for certain sectors of the arts and entertainment business. Under this legislation, even if there is a double taxation agreement, a country can impose a 'non-resident artist withholding tax'

on particular arts professionals when they go to perform in another country. Withholding tax is described more fully under 6.1 below.

The arts professionals covered by this tax are described in the OECD (Organisation for Economic Co-operation and Development) Model Convention on Double Taxation, Article 17, Artistes and Sportsmen (full text on http://www.fifoost.org/allgemein/divers/oecd_tax_2003/node22.php).

This specifies that "an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician" can be taxed and grants the right of taxation to the authorities in the country where a performance or artistic event takes place. It should be noted that the OECD Model Convention was originally intended to make sure countries could recoup tax from the earnings of international superstars on tour but it does also include performing artists operating in the non-commercial sector.

In practice, this means that an interpretive artist such as a dancer, singer, actor, performer or musician is covered by the Convention and will normally be subject to withholding tax when they work abroad as a non-resident artist. However, this is not the case for arts professionals who do not appear on stage such as theatre directors, choreographers, technicians, stage crew, administrative and support staff. Equally, it does not apply to artists in other disciplines unless their activity involves an element of public performance. There may be areas open to interpretation - a poetry reading could be described as a performance, as could master classes, seminars and demonstrations in any arts discipline. Research has pointed up several contradictions, e.g. artists teaching workshops - in Germany the tax authorities may give an exemption, in Portugal and Italy they are usually taxable, in Finland they are taxed at a higher rate than artists performing on stage.

A promoter with experience of working with artists from abroad will know best what level of detail is required for their own tax authorities. Good communication in drawing up the contract is essential. The best advice is to specify the work of each person. With a performing arts company, the local promoter should be able to get withholding tax exemption for group members who do not appear on stage. If a company is hired to give both performances and workshops, you may need to state what percentage of the fee is allocated to each area of work.

If you go and work in another country on a more permanent basis you will come under the general tax and social security systems. Again, you can expect to encounter aspects which are entirely different from those you are accustomed to. Apart from the general tax regime, many countries have specific tax and social security systems applicable to professional artists and you will need to investigate the benefits of these. Each country has a different way of defining an artist's status and you'll need to find out if you are eligible.

www.culturalpolicies.net is a useful website realised by the Council of Europe and ERICarts presenting the cultural policies of most European countries. You can compare the social and economic frameworks which apply to freelance artists in numerous countries. Go to 'Comparisons', 'Comparative Tables' and select 'Frameworks for Freelance Artists' or consult the legal frameworks and social security sections (Chapter 5) under each country profile.

A research report by the Arts Council of England ('Artists, taxes and benefits: an international review', Clare McAndrew, 2002) gives full case studies for Denmark, Germany, Ireland, The Netherlands and United Kingdom as well as Canada and Australia on www.artscouncil.org.uk/documents/publications/316.doc.

Another relevant document 'Defining Artists for Tax and Benefit Purposes' is produced by IFACCA (International Federation of Arts Councils and Culture Agencies) - D'Art 1, 2002 on <http://www.ifacca.org/files/Definitionartistanalysis.pdf>.

4.3 Employment status: self-employed or employee?

There are two distinct ways in which an individual's employment status is defined: as self-employed (also described as freelance or independent) and as an employee. Some European countries have intermediary and specialist status definitions for artists reflecting their particular work patterns. Nevertheless the distinction between self-employed and employee is generally recognised. The self-employed artist is paid gross and is responsible for paying their own taxes and social security costs while an employee is paid net with the tax and social security costs deducted at source.

Within the cultural sector, particularly in the performing arts, groups and some individuals may operate under a company structure and be set up in a similar way to a small business. Here, the company charges fees and is responsible for paying its own taxes and the social security costs of its employees. Other companies have a hybrid structure with some permanent employees and others on self-employed contracts.

You might imagine that your employment status in your own country would accompany you when you work abroad on a temporary basis. However the OECD Convention can override this and require the payment of withholding tax by performers described above (4.2). Other arts professionals may find that they cannot provide sufficient evidence that they will pay tax in their own country and national income tax is imposed. It is therefore relatively common for a self-employed artist or arts professional to be treated as an employee when they work abroad. National tax authorities are alert to the possibility of tax evasion and different mechanisms are in place to ensure that they can recoup tax from mobile workers. Indeed, some tax regimes, such as in France, assume that all non-resident artists are employees and this can make it more difficult to negotiate an exemption.

For all these reasons, providing adequate confirmation of your status as a self-employed arts professional or as a bona fide arts company can be vital when you work abroad. If your overseas employer has experience of employing artists from abroad, they will know what the tax authorities require. This may be an E101 form (see 5.3), national tax number, VAT registration number, company registration number, official company invoice or other document.

5. EUROPEAN COMMUNITY LAW

5.1 Free Movement Rights

Artists and arts professionals who are citizens of the European Union have Free Movement Rights within Member States. These incorporate the right to travel, the right of residence, the right to work and certain social rights. Further information on these rights can be found on <http://europa.eu.int/citizensrights>. ECAS, the European Citizen Action Service, has produced a guide to these rights and is actively involved in defending European Free Movement Rights through its Solidarity Fund and information hotline <http://www.ecas.org/FreeMovementRights/2367/default.aspx?id=624&pg=638>

5.2 Social Security Rights

Within the EU, social security for artists, as for other citizens, is governed by Regulation (EEC) No 1408/71, with an extension of provisions through Regulation (EC) No 859/2003. This lays down the principles designed to protect the social security rights of people moving within the Community but does not affect Member States' freedom to decide what benefits and conditions are provided under their own legislation. This means that national social security schemes vary considerably from one country to another, ranging from a high level of protection (often reflected in higher costs for both employer and employee) to a relatively low level of protection, usually accompanied by lower taxes and a greater reliance on privately funded arrangements for healthcare and pensions.

The EU rules apply to employed and self-employed people who are nationals of an EU Member State and their families moving within the Community. There are four fundamental principles:

1. Equality of treatment guarantees that you will have the same rights and obligations as nationals of the country to which you are moving.
2. In principle you are insured in one Member State only. This is generally the country in which you carry out your professional activity although there are exceptions for people working temporarily in another Member State for whom the legislation of the country of origin may still apply.
3. Periods of work insured by social security payments in one Member State are taken into account in establishing entitlement to a benefit in another Member State.
4. Benefits can be exported to all Member States. This means that you can work in one country and receive your pension in another.

There are special regulations for cross-border workers who live in one country but work in another, returning home at least once a week.

As a person entitled to sickness benefits and treatments in your own country, you have the right to obtain emergency medical treatment while you are abroad under the same conditions as the residents of that country, as long as you carry proof of insurance under your own social security system.

Your rights are explained in detail in the European Commission's publication 'The Community provisions on social security – your rights when moving within the European Union' downloadable in many languages at http://europa.eu.int/comm/employment_social/soc-prot/schemes/index_en.htm .

Residents of the accession countries joining the EU in 2004 will find that transitional arrangements exist, different for each Member State, setting out their access to social security benefits when working abroad. For these countries and many others bilateral agreements are already in place ensuring reciprocal arrangements.

5.3 E Forms

'E Forms' are standardised forms used throughout the European Union, European Economic Area (Iceland, Norway and Liechtenstein) and Switzerland to speed up the process of claiming social security benefits when you go abroad. They do not apply to other European countries.

You obtain the forms from the social security institution of the country where you are insured before you travel abroad. If you are an employee, some E Forms must be applied for by your employer. The most useful E Forms for artists and arts professionals working abroad are:

E101 This form is required for people posted to another country but who continue to receive their salary from their normal country of residence and pay their social insurance contributions there. It also covers other situations, e.g. a worker employed by a company in different Member States or a self-employed person working abroad for a fixed period.

Note: although E101 is intended to certify that income from work abroad will be liable to social security contributions in the person's own country and is exempt from contributions overseas, it seems the form is sometimes interpreted more widely. It may be accepted by arts promoters employing performing arts groups from another European country as proof that the artist is responsible for their own taxes and can be paid on a fee basis.

E104 Certifies the aggregation of periods of insurance, employment or residence.

E106 Certifies entitlement to health benefits in a country other than that in which the person is normally or was previously insured. Used by people going to work in another country.

E111 The most commonly used E Form. It is used by insured people going to another country for a short period, whether for a holiday or for a short business trip, and covers emergency treatment only.

E128 Covers health care for workers whose social insurance contributions are paid in their country of residence while they work in another country for up to a year.

E301 Certifies periods to be taken into account for the granting of unemployment benefits.

There are many other E Forms covering a range of situations. The full range of E Forms is on the Europa website under 'Provisions on Social Security for Migrant Workers' at http://europa.eu.int/comm/employment_social/soc-prot/schemes/index_en.htm .

Artists and arts professionals moving to another country on a more permanent basis or who are working abroad accompanied by children or other family members should investigate this to make sure they take the right forms with them. An artist who works abroad for some time and then returns to their own country should obtain the correct E Form certifying their period of work – this can be used to justify their claim for unemployment or other social benefits.

What you should also consider is that the right to obtain emergency health treatment while you are abroad may not be adequate cover for all eventualities. For this reason, many arts professionals who go to work abroad temporarily take out comprehensive medical insurance.

6. TAX

Taxation is the responsibility of the relevant government department in each country. Links are provided for the national tax administrations of most European countries under 'Taxes' on www.on-the-move.org . Within the EU there is no standardisation of national systems of income tax and widely divergent rates and processes for calculating taxes are found.

Baker Tilly International publishes tax guides for countries around the world covering company taxes, personal taxes, social security costs, VAT rates and other taxes. The 'Guide to Taxes in Europe and the Middle East' can be downloaded from <http://www.bakertillyinternational.com/index.asp?id=112>

Tax was one of the main issues reported as an obstacle to mobility in the cultural sector in a study carried out for the European Commission by the Université de Paris X in 2002:

"The persons interviewed were fairly unanimous in their criticism of the extreme diversity in tax legislation in force throughout Europe and which can restrict the mobility of performing artists and their productions in the European Union."

From: 'Study on the Mobility and Free Movement of People and Products in the Cultural Sector', Study No DG EAC/08/00, 2002

http://europa.eu.int/comm/culture/eac/sources_info/pdf-word/mobility_en.pdf

Research shows that the main areas of taxation which concern artists and cultural operators working abroad are:

- Withholding taxes
- Income tax and other direct taxes on earnings
- Tax on royalties and copyright payments
- VAT

6.1 Withholding taxes

As described in 4.2 the OECD regulations allow for withholding tax (also described as 'non-resident artist withholding tax', 'Foreign Entertainers Tax', 'Foreign Tax' and 'la retenue à la source' in French) to be imposed on non-resident performers working abroad. Bilateral tax treaties between countries set out in more detail how this is applied.

Each country sets their own rate of withholding tax and research for this guide indicates a range of 15-30% in Europe. The rules state that the rate must not be higher than the normal tax rate for residents. Countries are permitted to tax the artist's fee without deducting expenses but if they do so they must apply a lower tax rate to the gross fee to take the expenses into account.

Withholding tax is deducted by the organisers at the time of a performance. An important aspect of this tax is that in some countries is considered as an advance payment ('payment on account') to the tax authorities. In other countries it is treated as the final payment. If you pay withholding tax, you should ask the employer for a tax certificate stating the earnings and tax. Make sure you get the tax certificate before you leave the country. Also ensure that the tax certificate has your own name on it rather than that of the performance group. When you submit your annual accounts, you may be able to obtain a credit for any tax paid abroad.

Some countries permit non-resident artists to file an official tax return in the country where they have worked temporarily. This may be beneficial if you can offset expenses against the tax paid. In other countries you are not allowed to file a tax return and the withholding tax becomes the final amount you pay. If you do submit a tax return, you may qualify for a refund or you might find that you owe more tax. Filing a tax return in a foreign country is most likely to benefit an artist with a high level of earnings there or one with high expenses against the income earned. If you are in this situation, you should get professional advice from an accountant in that country.

Although these are the official tax regulations for non-resident performers, withholding tax does not seem to be applied systematically. Broadly, it appears that some countries (e.g. Finland and Sweden) have a low withholding tax rate and a fairly straightforward system with few exemptions; others (e.g. UK and Netherlands) have a mid-range rate and permit higher tax-free allowances for expenses and/or more frequent exemptions; a third group of countries have relatively high withholding taxes and some exemptions but the system is not always consistent or transparent in how the rules are interpreted.

Local promoters report different ways of gaining exemption for performances by overseas companies. Although the rules for exemptions are entirely different from one country to another, one influencing factor seems to involve proof that the performance is organised within the non-profit sector by companies in receipt of public subsidy. Performances which are part of an official programme of cultural exchange between two countries are also often exempted from withholding tax. However the rules are different everywhere and you can't rely on these as grounds for exemption in all countries.

Experiences of artists and promoters are presented in *Real Life Stories* under each Country Profile. Always remember that tax legislation and its enforcement change on a regular basis and artists should get up-to-date advice from a local arts organisation, promoter, festival, producer or other cultural manager with experience of employing foreign artists. Remember that it is in both your interests to work legally and to avoid paying unnecessary taxes.

Good working practice in the performing arts is, wherever possible, to negotiate a fee net of all taxes. A contract should also specify that expenses such as travel, accommodation, freight and per diems are paid net of tax. This means that if withholding taxes are due, it is the responsibility of a local employer to calculate these and include them in their own budget.

Withholding taxes are a complex factor in the mobility of performing artists. A rather hidden aspect of national cultural policy, they can be used as either a carrot or a stick.

Mostly one hears reports of them as a problem, being an obstacle for performers (who may end up being taxed twice) and for promoters (who must budget for much higher costs for foreign artists). Germany is widely cited as a country where withholding taxes are rigorously enforced and few exemptions are permitted. This has been a source of conflict between the Ministries of Finance and Culture in recent years. There have been reductions in the withholding tax rate but in 2002 the Deutscher Kulturrat stated that performances by non-resident artists had gone down by 33% in the previous five years because of the tax rules. Italy's withholding tax rate of 30% is applied to fees, expenses and per diems and has been seen as a disincentive for British orchestras coming from a country with low tax rates.

However, where rates are low and exemptions are allowed, withholding taxes can act as an encouragement to employ foreign artists. In Sweden where the rate is 15%, it can cost considerably less to employ a foreign artist than a national artist and this has raised debate in the Swedish cultural sector. Finland also has a 15% rate, and Greece has special low tax rates for artists invited by a public authority. Low rates should not be seen as a threat by national artists; rather, they are an acknowledgement of the additional costs involved in employing artists from abroad, all of which need to be budgeted for by promoters.

Withholding tax and expenses

A final and important aspect of withholding taxes is how the tax authorities treat expenses. In some countries, the tax authorities allow deduction of actual ('direct') expenses only against receipts. This can be a problem if you are organising a tour to several venues in the same country and would normally divide expenses between venues, invoicing for a percentage of the overall costs. You will need to sort out with promoters how to present your expenses receipts.

Some countries have particular conditions for expenses deductions. The UK has a special tax unit (Foreign Entertainers Unit) which approves budgets of non-resident performing artists, allowing the deduction of some production expenses. Withholding tax of 22% is only applied to the artist's fee and there is a system of exemptions. In the Netherlands both direct and non-direct expenses can be exempted (on application) and there is a tax-free allowance per person per performance. After these deductions, the withholding tax is 20%.

Other countries apply withholding tax to both fees and expenses, taxing travel & accommodation costs and per diems. In this case it is a good idea to take advice from the promoter at the contract stage. Some promoters prefer to pay for travel tickets, accommodation costs and freight bills direct rather than reimbursing them against invoices.

European Court of Justice case

A case was brought to the European Court of Justice in 2003 on International Artist Taxation by Dutch musician, Arnoud Gerritse. He worked in Germany where his earnings were taxed the withholding tax of 25% but he was told expenses were not deductible. The Court found he was being treated unfairly as a foreign artist since German artists were allowed to deduct expenses before tax. The European Court of Justice found that Gerritse's treatment by the tax authorities in Germany was in breach of the freedom principles of the European Treaty.

Comment on the case <http://www.allarts.nl/artikelen/2003/Gerritse%20-%20decision.pdf>
Full text of European Court of Justice <http://curia.eu.int/jurisp/cgi-bin/gettext.pl?lang=en&num=79969387C19010234&doc=T&ouvert=T&seance=ARRET&where>

The implications of the Arnoud Gerritse case are that many EU countries will need to change their legislation for foreign artists to ensure that tax rates and deductions for expenses do not discriminate against artists from other member states. The lawyers for the case comment:

"The Arnoud Gerritse Case is a major breakthrough for international artists, but it will need some lobbying in Germany and other European countries to change the tax legislation."

6.2 Income tax and other direct taxes on earnings

If you are a self-employed artist or cultural operator going to work abroad on a temporary basis and you are not a performer covered by the OECD Model Convention, you need to investigate whether there is a double taxation agreement between your country and the country where you are going to work. You can get this information from the tax authorities in your own country. If so your employer may be able to pay you without deducting income tax.

Within the EU, you can use Form E101 (available from your tax office) to certify that you are either employed or self-employed in your country of residence and pay your social security there. This is often taken as evidence for self-employed people that you pay tax and can justify an exemption. If you are from a non-EU country, you can ask your tax authorities for official confirmation of your employment status – this is the procedure used by a Slovenian artist working in Italy.

Some people fall outside this system and are likely to be taxed in the normal way. Young artists, whose tax situation has not yet been formalised, perhaps because they were recently in full-time education, can find themselves treated as employees and taxed. Individuals who cannot provide the E101 or other documentation required to prove that they are bona fide tax payers may be subject to national income tax.

There may be a problem for artists engaged for only short periods of work such as dancers. If you want to be covered by the E101, officially, you must be employed for 30 days before going abroad. The employer is asked this question when they apply for the form. In some countries it can take several weeks to issue E101 although some employers have found it is issued more quickly if there is an online application service.

There can be a clash of cultures when a self-employed arts professional from a country with less formal requirements for setting up in business goes to work temporarily in a country with a more bureaucratic system. Self-employed workers in some European countries can operate on a freelance basis without an office or company structure while in other countries they must be registered as a company and charge VAT. An invoice from a freelance worker with no VAT or company number may not look 'official' enough to satisfy some national tax authorities and may need to be backed up by other documentary proof of employment status.

Artists awarded a residency with a bursary, grant or prize can find the payment treated differently according to the tax rules of the country. They should find out from the host organisation whether the bursary will be paid tax-free or whether it will be taxed as a form of earnings. Taxation of prizes and grants is different from one country to another and you may find that if you win a prize abroad, the tax authorities will claim a percentage.

When you come under the tax system of another country, there will be a procedure for issuing you with a tax number there. You should rely on the local employer to know how to deal with these formalities. When you complete your employment, ask for a tax certificate and you may be able to claim a credit or refund on any tax which has been overpaid.

6.3 Value Added Tax (VAT)

VAT is a complex area of taxation which will affect some artists and companies working abroad. In some countries, all traders (including those working in the cultural sector) must register for VAT, in others there is a threshold or annual turnover above which you must register.

As a tax on certain goods and services, VAT is charged at different rates on the same goods across Europe. Within one country, there are often varying rates according to the goods or services being sold. Surveys made in recent years on VAT rates in the cultural sector have highlighted the extreme variations across European Union member states and found VAT one of the obstacles to mobility for cultural operators and artists.

This guide is not the place to list all the different VAT rates, legislation and implementing rules for foreign traders across Europe. Consult the VAT office in your own country and find out about any reciprocal arrangements if you are touring from and to an EU Member State. See also the VAT section of the Europa web site

http://europa.eu.int/comm/taxation_customs/taxation/vatindex_en.htm

A professional tax consultant will give you advice based on your particular case.

The following questions may help you decide whether VAT is an issue when you work abroad:

1. *Do you charge VAT on your goods and services in your own country?*
If you are registered for VAT in your own country, you will have a VAT number and an understanding of how the system works when you provide goods and services at home and a mechanism for accounting for VAT. You may need to charge VAT at the normal rate applicable in your own country when you sell your goods and services abroad.
2. *Is VAT chargeable on the services and/or goods you are supplying in the country?*
Ask the local promoter who should know whether VAT applies and at what rate. Cultural exemptions apply to some goods and services. In Slovenia, for example, VAT is charged on performances and ticket sales at 20% but 'cultural organisations of national significance' are exempt. See Country Profiles (8.) for other examples.
3. *Who is responsible for accounting for the VAT?*
If you are working for a promoter, organiser or venue abroad, it may be that they take responsibility for accounting for the VAT. This should be clarified at the contract stage as it affects the overall fee. It can be described as a 'tax shift' or a 'VAT shift'. In effect, the promoter takes on the responsibility for selling the product (i.e. the performance) to the public and for charging and accounting for the VAT at the rates applicable in their own country. If this is the case, the overseas promoter provides you with their VAT number and you submit this to the VAT authorities in your own country to justify why you have not charged VAT. Where you are working through an agent it can be more complicated.
4. *Do you need to register for VAT in the country where you work?*
In some countries, you are considered as a foreign trader if you come to work, even on a short-term basis. Several performing arts companies have reported that they were instructed to register for VAT in France when touring there and the law was changed in 2002 to make this obligatory. However, they found the procedure fairly straightforward. Another company registered for VAT in Denmark. Registering for VAT in another country may be obligatory or it can depend on the length of time you work there, the type of goods and services you supply and the overall value of the goods sold (i.e. if you exceed the annual threshold). Since registration also allows you to offset VAT paid on goods you have bought there, it may be of benefit to register if you are spending a long time in a particular country and incurring high expenditure.

6.4 Tax on royalties and copyright payments

Income deriving from royalties and intellectual property rights which has been earned in another country will also normally be subject to tax. In some countries (e.g. Austria) the tax on such income is the same as the withholding tax rate and in others it is taxed at the normal income tax rate. A number of European countries have special tax rates for royalties which are lower than the normal income tax rates. In Italy, there are different rates according to where the work has been created and where it is presented (see 8. Country Profiles, Italy, Real Life Stories).

Tax on royalties and copyright is a specialist area and you will need expert advice if large sums are involved. If you have a high level of income in one country, it may be advantageous to file a tax return there (if this is permitted) so that you can deduct any relevant expenses. The artists' collecting society in your own country should be able to advise you and in many cases they also collect income earned in other European countries on behalf of members.

7. SOCIAL SECURITY

The regulations for citizens of the European Union are set out in 5.2. In addition, there are bilateral agreements between many other countries which provide similar reciprocal arrangements.

7.1 Temporary or short-term work

If you are working abroad on a temporary basis, ensure that you maintain your social insurance payments and protection at home during this period. Get advice from your national social security institution. If you are travelling from and to a country within the European Union, European Economic Area or Switzerland, use form E101 to prove that your social insurance costs are paid in your own country and do not need to be paid again in the country where you work. Make sure you have sufficient cover for healthcare – form E111 only allows for free emergency treatment and a comprehensive medical insurance policy will cover other eventualities.

Some inconsistencies in the system have been found by cultural practitioners working abroad. Self-employed artists may find that they are treated as employees when they work abroad. This change in status can mean they are obliged to pay social security contributions abroad. Non-resident self-employed artists and companies should try to avoid having to make any social security payments on fees earned abroad. The costs can be high and the benefits difficult to obtain or irrelevant outside your own country. Tax payments abroad can in some cases be refunded but this is not generally the case with social security payments. See 7.3 for details of the case brought to the European Court of Justice.

7.2 Permanent or long-term work

If you are working abroad on a more permanent basis, you will want to ensure that you have full social insurance protection in the country where you are living and working. If you are moving between European countries covered by the E Form system, ensure you have the relevant documents to certify your periods of work and social insurance in your own country.

If you go to live and work in a new country there may be special social security arrangements applicable to artists. The Compendium of Cultural Policies in Europe presents legal frameworks and social security provisions for artists in various countries and additional advice should be sought from national artists' agencies in the country where you go to live and work. See www.culturalpolicies.net Compendium of Cultural Policies in Europe – go to 'Comparisons', 'Comparative Tables' and select 'Frameworks for Freelance Artists' or consult the legal frameworks and social security sections (Chapter 5) under each country profile.

Employment and social protection for arts professionals who work in different countries was investigated as part of the 'Mobility and free movement of persons and products in the cultural sector' study for the European Commission in 2002

http://europa.eu.int/comm/culture/eac/sources_info/pdf-word/mobility_en.pdf

Researchers found a serious difficulty with loss of entitlement to unemployment benefit and pension payments. There were problems in tracking artists' careers when they have worked abroad and in paying social security benefits due to the lack of co-ordination between national organisations. The European Council of Artists commented on the study and highlighted the need "to recognise working periods abroad equal to working periods in the home country". They also recognised the great diversity of national laws on taxation and labour legislation and recommended setting up "a European centre for information and advice to artists crossing borders" – see <http://www.eca.dk/news/studymobility.htm>

If you work abroad for some time and then return to the country where you have previously made social security contributions, always keep a record of the payments made abroad. Your overseas employer should provide you with a tax certificate and the relevant E Forms when you leave. When you get home, you should enquire how these payments can be credited or recognised by the social security institution in your own country to ensure continuity of

employment and entitlement to unemployment, pensions and healthcare benefits. Periods of employment abroad certified by the E Form system are translated into periods of work in your own country using an official formula which generally results in less working time being credited than has actually been done.

7.3 European Court of Justice case

A case was brought to the European Court of Justice in 2000 on rights for self-employed workers by twelve British opera singers and a conductor employed by the Brussels opera house Théâtre Royal de la Monnaie. Normally self-employed in the UK, they worked on temporary contracts in Belgium and continued to pay their social insurance in the UK. Although they could provide the E101 certifying their status as insured self-employed workers in the UK, they were treated as employees by the Belgian authorities and social security contributions of over 13% of their fees were deducted. The European Court found in their favour and made an order for the contributions to be repaid.

Full text of European Court of Justice (English): <http://www.lawreports.co.uk/ecjapr0.1.htm>

Text in French: <http://www.cleiss.fr/docs/jurisprudence/c178-97.html>

Comment on the case: <http://www.iamaworld.com/news/current/ect-rights.htm>

7.4 Beyond social security: professional mobility for dancers

The International Federation of Actors (FIA) has piloted a Dance Passport which gives dancers and choreographers going to work in another country reciprocal access to services provided by unions to local artists. To qualify you must be a professional dancer and a member of a national union which is part of the FIA scheme. Services provided include health insurance, legal assistance, provision of training facilities and other professional services. See the FIA web site <http://www.fia-actors.com/emg/focumain.htm>

7.5 Information sources

European Commission's Coordination of Social Security Schemes site where you can download two useful guides published in all Community languages:

- 'The Community provisions on social security – your rights when moving within the European Union' (general guide, 1999)
- 'Your social security rights when moving within the European Union' (specific details for each Member State, updated 2002)

http://europa.eu.int/comm/employment_social/soc-prot/schemes/index_en.htm

Details of social security for all EU Member States including community and national provision and how to enforce your rights

<http://europa.eu.int/business/en/advice/social/index.html>

Links to Social Security institutions in European countries covered by Free Movement regulations

http://europa.eu.int/comm/employment_social/soc-prot/schemes/webpages_en.htm

Social security benefits under 'Living and Working' on the EURES Job Mobility Portal

<http://europa.eu.int/eures/main.jsp?acro=lw&lang=en&catId=490&parentId=0>

8. COUNTRY PROFILES

The following list of countries presents information on many of the European countries where artists are regularly touring or going to work. Readers with additional relevant experience are invited to contribute it to info@on-the-move.org.

Real Life Stories for each country present the experiences of artists and arts professionals who work there. It is essential to view these comments as anecdotal evidence or snapshots from the cultural sector and not as official procedures which will apply to all. Apart from the obvious differences from one country to another, people within the same country often work in entirely different ways. There are certainly many contradictions, often difficult to understand or explain. *Real Life Stories* illustrate the importance of getting up-to-date advice and working with experienced local arts promoter.

*** Always remember that tax legislation and how the rules are applied in individual circumstances are liable to change and professional advice should be obtained.

Austria

Withholding taxes of 20% are payable by non-resident performers.

Real Life Stories

- A theatre company in Southern Germany used to tour regularly to Austria which is closer than many other places in Germany. However the high rate of withholding tax in Austria is a particular disincentive to both performers and promoters.
- A festival places the responsibility for paying tax on the artists via a clause in their contracts and pays them without tax deduction.

Belgium

Withholding tax of 18% is payable by non-resident performers. Expenses are not deductible and are liable for tax. There are exemptions for performing arts companies from countries with which Belgium has a tax treaty (e.g. France & Netherlands) but these are only allowed under certain conditions and are dealt with on a case-by-case basis. Other exemptions apply when the performance is financed by a public authority, for example as part of an official cultural exchange programme.

There has been considerable debate within the cultural sector over VAT. There are two VAT rates: a general rate of 21%, a lower rate of 6% and some exemptions. The lower rate (originally intended to apply to 'necessities' of life) applies to most cultural goods such as books but CDs attract the higher rate. The subsidised performing arts sector has been zero-rated but certain activities are now subject to the 6% rate. This is a specialist area and the promoter in Belgium must advise performers coming to work there.

Individual artists (often described as artists "acting as a physical person") are generally taxed unless they provide proof that they pay their tax and social security in another country.

The following sources of information may be useful:

www.vti.be The Flemish Theatre Institute web site provides information in Dutch on the collective conventions in the performing arts and how they apply to artists coming from abroad. French and English translations are due to come online during 2004.

www.kunstenloket.be Flemish Community Help Desk informs artists in Belgium and artists coming from abroad. Under FAQ, information on coming to live and work as an artist in Belgium.

Denmark

Withholding tax of 25% is payable by non-resident performers who can spend up to six months in the country before coming under the normal tax regime. Income from royalties is taxed at 30% apart from those paid to artists from countries with which Denmark has a double taxation agreement; in which case the tax rate is lower than the normal rate or may be zero. Non-resident artists who are self-employed (or employed by a non-resident employer) will not be subject to taxation in Denmark as there is no internal provision for taxation.

Information on Denmark from research report by the Arts Council of England ('Artists, taxes and benefits: an international review', Clare McAndrew, 2002) www.artscouncil.org.uk/documents/publications/316.doc

Finland

Withholding tax of 15% applies to the earnings of non-resident performers. Teachers and workshop leaders are taxed at 35%. No deductions may be made for general production expenses but travel and accommodation costs can be reimbursed (against receipts) and a per diem daily allowance can be paid tax free. Performing artists coming from a national company which is owned and financed by the state may be granted a tax-free exemption.

Finnish Tax Administration – Information on Working and Studying in Finland including document 'Taxation of Persons from Abroad Working in Finland':

http://www.vero.fi/default.asp?language=ENG&domain=VERO_ENGLISH

Real Life Stories

- Anecdotal evidence from a UK dance promoter: Finnish dancers expect to be paid the per diem rate negotiated by unions in Finland when touring abroad. However, this rate is much higher than the normal UK per diem and is unlikely to be paid.
- From a dance festival organiser in Finland: It is important to determine the work which a performer will do because of the different tax rates for performance and teaching. Foreign artists are automatically issued with a tax certificate which should allow them to claim a tax credit in their own country and avoid double taxation.
- From a dance promoter in Finland: It can be difficult to negotiate with the tax authorities over the status of national companies from abroad. In practice it can be difficult to get tax-free exemption for performers from national companies.

France

Withholding tax of 15% applies to non-resident performers. Bilateral agreements exist with some countries which exempt artists from withholding tax. The reduced VAT rate of 5.5% is generally charged in the performing arts sector. Foreign companies who do business in France which is subject to VAT must register there for VAT under a change in the law since 2002.

Form E101 exempts employees and self-employed artists resident in other EU Member States from paying social security contributions in France. Artists employed in France, particularly in the performing arts, enjoy a comparatively high level of employment and social protection. Some of these measures may apply to foreign employers of artists who tour in France and promoters are recommended to get professional advice.

There is a considerable amount of specialist information available on the web and from national resource centres in France, both for French artists who want to work abroad and for artists travelling to work in France. The Centre National de la Danse (www.cnd.fr) and the Centre National du Théâtre (www.cnt.asso.fr) provide specialist legal services ("services juridiques") for dance and theatre professionals in France and those coming to work there from other countries.

The following documents (in French) and links may be useful for artists and arts promoters:

'La Circulation Internationale du Spectacle Vivant': report on a 2-day meeting in December 2001 organised by the Performing Arts Resource Centres with workshops on legal formalities,

tax administration and social security for French artists working abroad and for foreign artists working in France. Comprehensive document with useful list of contacts and bibliography. http://www.cnd.fr/Fiches_PDF/circulation_internationale.pdf .

'Guide de l'emploi des artistes et techniciens étrangers en France', comprehensive document produced by the Ministry of Culture <http://www.culture.gouv.fr/culture/infos-pratiques/guides/index-emploi.htm>

'La Circulation des Artistes', Fiche Pratique produced by IRMA giving practical information aimed at the contemporary music sector on working abroad and employing foreign artists in France <http://www.irma.asso.fr/fichespratiques/index.html>

Guichet Unique Spectacle Occasionnel – a one-stop shop which takes care of all the paperwork required for a non-professional organisation (or an organisation not registered in France) to put on a performance in France. The Guichet Unique provides a free service to ensure all statutory administrative formalities are adhered to www.guso.com.fr

CLEISS (Centre of European and International Liaisons for Social Security) – provides information on bilateral and multilateral social security agreements between France and other countries and advice for workers from France moving abroad. www.cleiss.fr

The Centre des Impôts des non résidents (CINR), Inspection T.V.A, 9 rue d'Uzès, 75094 Paris is responsible for VAT registration of non-resident tax payers. Try www.impots.gouv.fr although foreign arts promoters have reported difficulties in reaching the relevant office.

Real Life Stories

- An Italian theatre company participating in a festival in France was obliged to open a French VAT account. Although they were already registered for VAT in Italy, this was not accepted by the festival administration in France. However, they found the process quite straightforward.
- A Belgian dance company also had to open a French VAT account and noted that France was the only European country they toured to where VAT was charged on fees.
- A Slovenian theatre group could not be employed as a company but the promoter had to issue individual employee contracts.
- UK theatre groups touring in France find the tax situation more complex. It requires more negotiation to agree contracts and fees than with other European countries.
- A Belgian dance group noted that promoters and presenters in France preferred to agree a global fee to include the cost of the production, artists' fees and expenses rather than separating fees and expenses as is the norm in other European countries.

Germany

Withholding taxes for non-resident performers are a complex area and advice is required from a local promoter with experience of employing foreign artists. There is a sliding scale of tax rates with a top rate of 25% and exemptions for small amounts. VAT at 16% is generally payable plus the solidarity surcharge (a special tax introduced to cover the costs of re-unification), deducted by calculating it as a percentage of the withholding tax, the rate dependent on the amount paid and whether it is paid gross or net. The German tax rate for visiting artists one of the highest in Europe and it is rigorously enforced.

Some exemptions can be granted by the tax authorities. The German promoter must apply in advance and provide evidence that they are a non-profit, independent organisation working in the public interest and that the foreign arts company they are hiring is also a non-profit organisation. They may also be required to confirm that the majority of the fee is being paid out of German public subsidies. According to some promoters, arts projects which can be described as workshops may be tax exempted. Exemptions can be difficult to obtain and are dealt with on a case-by-case basis. An additional complication in Germany is that taxation

comes under the federal finance ministries and where there is scope for interpretation, as with the exemptions to withholding tax, each region may take a different view of the same application.

There has been much debate in the cultural sector in Germany about the level of foreign artists' tax and the high cost of presenting international performances. Tax levels have been reduced and exemptions introduced in recent years but German promoters report that the situation still presents obstacles to professional mobility for artists from abroad.

German tax authorities have imposed withholding tax on both the fee and expenses although this practice was challenged in the European Court of Justice in 2003 (Arnoud Gerritse case, see 6.1) and found to be in breach of European Community law. It seems that at present the tax authorities in Germany still insist on applying withholding tax to both fees and expenses but it may take time to change the legislation.

The following reference material may be useful:

The Mertin Chambers of Attorneys and Tax Consultants in Hamburg advise performers and artists' agents. Information on their website in English on the Foreigner's Tax: <http://www.rechtsanwalt-poser.de/english/index.htm>

Article on 'German Artist Withholding Tax' from newsletter of International Association of Entertainment Lawyers (IAEL) – note, tax rates have changed since date of article (1996) <http://www.iael.org/newsletter/D4Grafton.html>

Administrative regulations (in German) of the German Federal Ministry of Finance as concerns withholding taxes for artists www.lemaitre.de/english/bmf-schreiben.html

Information for German visual artists wanting to take artworks outside the EU without incurring import or export duty: the Zertifikat Free Flow of Works by Living Artists is a Carnet system set up by the International Association of Art to ensure free movement of cultural goods www.igbk.de/german/zoll_r.htm

Real Life Stories

- A Dutch performing arts company was shocked to discover that they would be liable for 25% tax to perform in Germany. They were issued with German tax forms to be stamped by the Dutch tax authorities in advance of the tour.
- Dance companies from France and Belgium have been able to obtain exemption from withholding tax by presenting evidence in advance of the performance that they are a subsidised company operating as a non-profit association.
- A German dance promoter finds the cost of hiring a foreign dance company is up to 60% higher than for a national company and is a major hindrance to the mobility of foreign artists. This is because of the imposition of 25% withholding tax on fee, per diems and expenses plus 16% VAT and a 3.8% social security tax on the fee.
- A German dance promoter says that exemptions may be granted but it takes time to process and the system is very strict. Performing arts groups with at least five members appearing on stage may be exempted, usually only if they are paid with specific named project money rather than out of general running expenses.
- Artists who teach or run workshops may be exempted from withholding tax but German promoters must take care when applying for exemptions to describe projects with a mix of workshop and performance accurately.
- A German promoter finds that solo performers are never exempted from withholding tax but performing arts groups may be if they are independent non-profit making companies.

Greece

Withholding tax of 20% applies to non-resident performers. Lower rates may apply to artists invited by public authorities.

Ireland

Withholding tax of 26% applies to non-resident performers. However, double taxation agreements with over 30 countries means that the rate is effectively reduced to zero for artists from most European countries.

Ireland has a unique provision of tax-exempt status for self-employed creative artists, namely composers, writers and visual artists. Earnings derived from sales and copyright fees from their creative works are exempt from income tax. The 1969 Artists Exemption applies to artists living in Ireland who must satisfy various conditions.

Information on Ireland from research report by the Arts Council of England ('Artists, taxes and benefits: an international review', Clare McAndrew, 2002) www.artscouncil.org.uk/documents/publications/316.doc

Italy

Withholding tax of 30% applies to non-resident performers. However, experiences vary as to the circumstances in which this is applied. Artists are advised to establish a clear contract with a net fee. Work with an experienced promoter who knows how the Italian tax system works. Italy has a relatively high level of personal taxes and social security costs.

Real Life Story I

An Italian theatre producer and promoter with experience of taking productions from Italy on tour to other European countries and receiving foreign artists and companies in Italy reports on the complexities of the tax situation there:

- In principle artists who perform in Italy must be treated as employees. The normal level of deductions from salary for tax and social security is 44%.
- Anyone who presents Form E101 proving that they are employed or self-employed in another EU country can usually negotiate to be paid on a fee basis, without local tax and social insurance deductions.
- Withholding tax at 30% should officially be paid when companies perform but, according to common practice, this is not generally applied in the subsidised theatre and festivals sectors.
- Professionally organised companies from abroad insist on contracts which specify a fee net of all taxes.
- VAT is not payable on fees to performers.
- The level of public subsidy received by an arts group is related to the amount of tax they pay (employees income tax and social insurance). Theatres and other arts organisations therefore have an incentive to act as responsible employers.
- Workshops and teaching engagements are normally taxed at 30% (unless there is an exemption for an artist holding E101). This is described as a 'cooperation contract'.
- Special arrangements for royalties: if the artist does the work in their own country but it is presented in Italy, royalties are taxed at 20%; if both the creative work and the presentation take place in Italy, royalties are taxed at 30%. Royalties are taxed on 75% of the fee, allowing a 25% tax-free allowance.

Real Life Story II

Comments from the British Council's Red Tape section on touring abroad:

"Withholding tax on foreign artists' earnings in Italy is currently 30% (higher than the UK) and is applied rigorously following the discovery that the double taxation agreement between Italy and the UK does not apply in the case of artists' earnings.

This situation has given rise to a number of problems:

- *The UK tax rate is 23% so groups are being unjustly penalised by the Italian 30% rate*
- *The Italian 30% tax is being levied on the per diem as well as the fee*
- *Many of the larger British orchestras have charitable status and are exempt from tax in Britain. They are therefore unable to claim back in Britain the tax paid in Italy.*

We hope the existing agreement will be reviewed in 2004."

From: <http://www2.britishcouncil.org/home/arts/arts-support-and-funding/arts-performing-arts-red-tape/arts-performing-arts-red-tape-italy.htm>

The Netherlands

Withholding taxes of 20% are payable on earnings by non-resident performers after the following deductions:

- Non-resident artists may apply for tax relief for all direct and non-direct expenses
 - A basic level of remuneration plus the expenses taken on by the promoter for transport, accommodation and meals are tax exempt without prior approval by the tax administration
- Non-resident artists have the option to file a tax return in the Netherlands but are not obliged to do so. This measure gives tax relief to higher earning artists who would have to pay additional income tax on earnings in the Netherlands (after expenses) above a certain level.

Information on Netherlands from research report by the Arts Council of England ('Artists, taxes and benefits: an international review', Clare McAndrew, 2002)
www.artscouncil.org.uk/documents/publications/316.doc

SICA (Service Centre for International Cultural Activities) provides information to organisations from abroad looking for contacts in the Netherlands. It is involved in a working group to resolve problems with visas and work permits for foreign artists. This cannot deal with individual cases but aims to improve the mobility of international artists wishing to stay and work in the Netherlands. See the SICA web site for advice and fact sheets
www.sicasica.nl/english/fact_eng.htm .

Real Life Stories

- Dance companies from France and Belgium are able to obtain exemption from withholding tax by presenting evidence in advance of the performance that they are a subsidised company operating as a non-profit association.

Portugal

Withholding tax of 25% is deducted from the earnings of non-resident performers. Some exemptions or variations in practice can be found from venue to venue. It seems that individuals are likely to be subject to withholding tax but companies who can provide adequate proof that the tax will be paid elsewhere (e.g. official invoice with tax number, statement from their own tax office) may be exempted and paid on a fee basis. Educational activities such as workshops or lectures are taxed at 15%.

Real Life Stories

- UK theatre group finds working in Portugal very straightforward and negotiate a straight fee net of taxes.

Slovenia

Real Life Stories

From a festival director with experience of inviting foreign companies and touring abroad:

- Individual artists must be treated as employees, be allocated a Slovenian tax number and pay the same taxes as a national artist. They are employed under an 'Author's Contract'. Tax is deducted but not social security.
- Companies can be paid on a fee basis without any income/withholding tax deductions but VAT (20%) is charged.
- By law, arts organisations are not allowed to make payments in cash. Per diems must be invoiced for and cannot be paid in cash during the festival.

Spain

Withholding taxes of 25% are payable on earnings by non-resident performers. Companies are advised to make it clear in their contract that they want a net fee. It is best to invoice separately for expenses such as travel, freight, accommodation and per diems so that the local employer does not have to pay 25% tax on them as well as on the company fee.

Real Life Stories

- UK theatre group notes that some contracts specify the local taxes which the Spanish promoter has to pay. Working with local authorities as festival or venue managers can involve more bureaucracy.

Sweden

Withholding tax of 15% is payable on the earnings of non-resident performers who may work in Sweden for up to six months. Withholding tax is described as a 'special income tax on non-resident entertainers and artistes (LSI)'. No deductions are allowed for expenses although necessary travel and accommodation expenses may be reimbursed at cost. Creative artists who do not perform such as choreographers and theatre directors are exempt from the tax.

Further advice from the Swedish Tax Authority

<http://www.rsv.se/broschyer/376b/376b04.pdf>

Also see brochure RSV 520 'Special income tax for artists resident abroad'.

Real Life Stories

- There has been much debate in the cultural sector about the relative costs of employing Swedish artists (tax and social security deductions are around 32%) and foreign artists with concern that easier cross-border traffic with mainland Europe generates a competitive market in some artistic sectors.

United Kingdom

Withholding tax at the basic income tax rate (currently 22%) is payable by non-resident performers. There is an annual tax free allowance of £1,000. The Foreign Entertainers Unit (www.inlandrevenue.gov.uk/feu/feu.htm) of the Inland Revenue tax administration provides a specialised advice and administration service. Promoters can apply in advance for exemption on production expenses. Claims for exemption or reduction of withholding tax are made under the Artiste Reduced Tax Payment Application.

The following may be useful for foreign artists visiting the UK and UK artists working abroad:

Information for UK artists who want to tour abroad is available on the British Council's website. 'Red Tape' pages for many countries around the world list information on tax, work permits, visas, insurance, freight and carnets:

<http://www2.britishcouncil.org/arts-performing-arts-red-tape.htm>

Information for producers, promoters and agents wishing to present foreign artists in the UK is found in the Visiting Arts publication 'Cutting through the Red Tape' on:
<http://www.visitingarts.org.uk/information.html>

Also available on this website is 'Nail to Nail', guidelines for presenting international visual arts in the UK. Both publications are informative on tax, visas, police registration, work permits etc. and are useful for artists considering working in the UK.

'Overseas Workers & Overseas Work' help sheet from the Independent Theatre Council is available to ITC members only. ITC also runs training courses on touring abroad.
www.itc-arts.org

'UK Withholding Tax for Visiting Artists', a clearly set out sheet of Frequently Asked Questions produced for the British Film Council. Aimed at artists working in film but applicable to others:
<http://www.britfilmcom.co.uk/filming/index.cfm?subcontentid=82>

'Gigging and Touring Abroad', a fact sheet produced for the Musicians' Union aimed at musicians: http://www.musiciansunion.org.uk/files/factfiles/10460_no4.pdf

Real Life Stories

- For artists coming from abroad it is best to be employed on a fee basis. Exemptions from withholding tax may be granted. Budgets must be submitted by the UK promoter to the Foreign Entertainers Unit (FEU) in advance to apply for exemption.
- Companies coming from abroad are recommended to avoid being paid on a 'box office split' or percentage of the ticket sales. Here a different tax arrangement applies (net of tax and VAT) which is more complicated and less beneficial for a foreign artist.

9. A QUICK CHECKLIST

- Get organised well in advance – allow enough time for the necessary formalities at home and in the country where you go to work
- Establish good communication with the promoter, venue or organiser. It is in both your interests for you to work legally and avoid unnecessary taxes.
- Use the contract to negotiate fees and expenses net of all taxes and social security deductions where possible
- Specify payment in your own currency to avoid rate fluctuations
- Get the necessary E Forms before you travel – remember that you may have to apply 30 days in advance
- Make sure you have adequate medical cover, either with E111 or separate insurance
- Get up to date information on visa requirements, work permits, residency regulations
- Make sure your passport is not about to expire – for some countries your passport must be valid for at least a year from when you arrive
- If you pay any tax, ask for a tax certificate in your own name before you leave the country
- If you work for a longer period, when you leave ask for the relevant E Form to certify the period of work and social security payments made

Judith Staines
March 2004

The information and advice provided in this guide have been researched from various sources and are believed to be accurate. However, tax rates and regulations are subject to frequent change. It is essential to take specific professional advice before any undertaking. The author and publishers cannot be held liable for any inaccuracies.