

## **ELMF SUPPORTS THE DUTCH INITIATIVE TO REMOVE SOURCE TAXATION OF NON-RESIDENT ARTISTS**

The European Live Music Forum (ELMF) supports the intention of the Dutch government to abolish source taxation of non-resident artists when they perform in the Netherlands as of January 1<sup>st</sup> 2007.

ELMF has sent personal letters to the respective ministers of Finance, Trade and Culture in all EU member states calling for support for the Dutch initiative and urging all member states to follow the lead taken by the Dutch government.

Most EU members levy a source or withholding tax on artists and athletes based on Article 17 OECD Model Tax Convention on Income and Capital. However, in 1959, the Organisation for European Economic Co-operation (OEEC) showed that any allocation of taxation of artistes to a source country would lead to obstacles in the international arts world. Although the Organisation for Economic Co-operation and Development (OECD) itself has, in several reports, suggested that income from entertainment and sporting activities should be taxed in the same way as income from other activities and that artists and athletes are, as are other taxpayers, fully liable to tax in their country of residence OECD continues to separate artists and athletes from other taxpayers in the so called Tax Model.

Whilst some EU programmes are specifically aimed at promoting international mobility for those working in the cultural sector within the EU, this taxation rule directly counteracts such enterprise. It also adds costly and time consuming legal procedures, which the artists have to pay.

Following consultation with representatives from the music and sports organisations the Dutch government has announced a progressive step to alleviate the situation and has stated their belief that eliminating this tax will encourage artists to perform in their country and lead to fairer taxation.

ELMF, representing the legitimate and direct interest of the European live music communities, applauds this decision by the Dutch government as a constructive initiative towards promoting the expressed goals of the EU in encouraging international cultural mobility within the union. Furthermore it is an essential step towards including the live music industries in the single market concept on equal terms with other service providers and businesses.

The present practices of discriminatory source taxation are to some extent national fiscal matters. At the same time it constitutes a severe hindrance to cultural mobility and an abject exemption to the single market ambition. It is therefore also a matter of grave concern to international trade and culture exchanges.

Says ELMF Board member Hans Hjorth: "The implementation of equal principles of taxation for the cultural sector as for other legitimate transnational business activities is long overdue. The Dutch initiative indicates that a solution, at least within the framework of the European Union, could be very quickly established."

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