

REPORT ON THE WORK OF THE EXPERT GROUP ON REMOVING TAX OBSTACLES FOR INDIVIDUALS

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(representing social partners in live performance sector)

PROBLEM / ACTION SOCIAL PARTNERS

- Very often double or excessive taxation for performing artists and groups
- Reasons:
 - ◆ Source taxation in the country of performance, because Art. 17 of OECD Model Tax Treaty has been taken over in almost every bilateral tax treaty
 - ◆ Tax credit in residence country is very often problematic
- Joint statement of 13 december 2013 with examples
- Joint letter of 17 March 2014 to OECD European Commission:
 - ◆ Removal of Art. 17 from OECD Model
 - ◆ Alternative: options to restrict the article

2014 UPDATE OECD MODEL

- Answer to EAEA + Pearle on 7 May 2014
- 2014 Update of OECD Model on 15 July 2014:
 - ◆ OECD has denied the proposal to delete Art. 17
 - ◆ But options for exemptions and deductions in treaties:
 1. Limitation to business activities, exclude employees
 2. Deduction of expenses
 3. Minimum threshold of 15.000 per artiste per year
 4. Exemption for activities supported by public funds
 5. Exemption for teams, troupes and orchestras
 6. Exemption for Art. 17(2), when no participation in profits
- New, alternative text for Art. 17 with all options

EUROPEAN UNION

- Answer from DG Taxud from 3 April 2014
 - EU Treaty does not coordinate or harmonize direct taxation
 - But equal treatment under freedom principles
 - Also best practice examples, exchange of information and guidance
 - And EU wants to avoid double taxation
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- DG Education and Culture: Thematic seminar about taxation and social security on 19 and 20 June 2014

EXPERT GROUP

- Expert Group on removing tax obstacles for individuals
- Don't expect too much, because powers of EU in the field of direct taxation are very limited
- But still, the EU wants improvement of the functioning of the internal market
- Members of the Expert Group:
 - ◆ Representatives of national organizations
 - ◆ Tax professors
 - ◆ Representatives of tax advisers associations
 - ◆ Guest speakers

THREE MEETINGS UNTIL NOW

- 9 September: general introduction
- 20 October 2014: presentations + first draft of report
- 17 December 2014: further presentations

- Two subjects:
 - ◆ Income tax
 - ◆ Inheritance tax

- Two rapporteurs per subject
- Prof. Gerard Meussen + Prof. Pasquale Pistone for income tax

PRESENTATIONS

- I have made a presentation on 20 October:
 - ◆ Description of the problem
 - ◆ Joint letters + statement of EAEA + Pearle
 - ◆ Reaction of OECD: no removal of Art. 17, but options to restrict Art. 17 with text proposals
 - ◆ Can the European promote the alternative Art. 17 to the Member States?
- Alexandra Kaligorou has made a presentation on 17 December about the results of the Thematic Seminar

FURTHER DEVELOPMENT

- Next meeting at 28 January 2015
- Perhaps one more meeting afterwards
- Not a very clear objective yet

- Tax problems of artists and groups are very well recognized
- Mentioned at various points in the draft report
- Probably a separate chapter in the report

- Furthermore: approach of the EU Member States and the OECD to use the alternative Art. 17 actively