

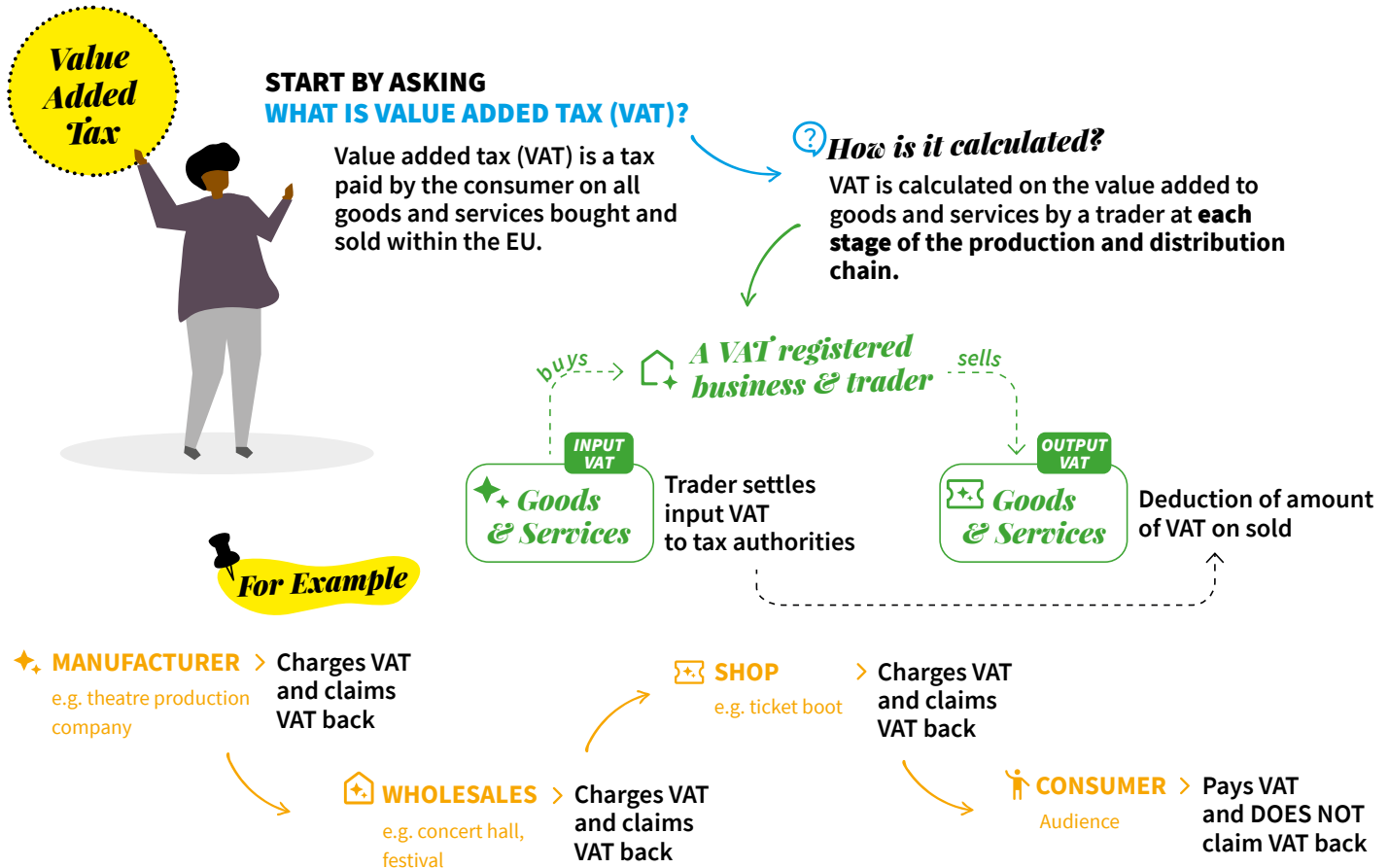
The Ultimate Cookbook

FOR CULTURAL MANAGERS

INFOGRAPHIC VERSION

VAT IN AN INTERNATIONAL CONTEXT

This infographic focuses on the consequences of VAT in an international context with a special focus on the EU live performance sector



Input VAT is the value added tax added to the price when you purchase goods or services liable to VAT.

If the buyer is registered in the VAT Register, the buyer can deduct the amount of VAT paid from his/her settlement with the tax authorities.

Output VAT is the value added tax you calculate and charge on your own sales of goods and services if you are registered in the VAT Register.

Output VAT must be calculated on sales both to other businesses and to ordinary consumers.

The difference between taxable & non-taxable or, in other words, does VAT play a role in buying, delivering, ...

The next set of questions helps to understand and determine whether VAT is due

Is it considered valuable?

i.e. is there an agreement/contract between supplier and recipient which results in a payment or in kind

YES Taxable transaction subject to VAT

NO Non-taxable transaction

Is the person / institution / firm / club / association a taxable person carrying out any economic activity?

YES VAT is due

NO no VAT due

? What's the nature of the transaction?

- WHAT** > Impacts the level of the VAT rate
- WHERE** > Defines in which EU Member State VAT is due
- WHEN** > Defines when VAT is due, i.e. time of supply or payment

? Are there exemptions (such as for culture in some countries)?

IF EXEMPTION

Then it is a non-taxable transaction, thus no VAT

IF NO EXEMPTION

Then it is a taxable transaction, i.e. VAT due according to the applicable VAT rate in respective Member State

Cross-border supply of services and goods (in EU and outside EU)

The cultural sector works often cross-border, therefore the below scheme helps to understand the core aspects of VAT in a cross-border situation and the steps to take

Remember! The Basic Principle!

In the EU, VAT is a consumer tax, levied from companies & self-employed.

- They must charge VAT and reclaim VAT back on their own purchases.
- Consumers, however, have to pay VAT and cannot reclaim.

! Important

Cross-border supply of services and goods

- The applicable VAT rate is that of the country of the recipient. In other words zero-rate in country of supplier.

“Reverse charge system” Cross-border supply of goods and services: steps to take

★ Goods

INSIDE THE EU



COUNTRY A

VAT for supplier is zero



COUNTRY B

VAT to be paid by recipient in his country

S
U
P
P
L
I
E
R

- ✓ VAT number of supplier to be on invoice
- ✓ Supplier needs written proof that recipient has valid VAT registration number
 - > Print proof from EU website and add with invoice

R
E
C
I
P
I
E
N
T

- ✓ Recipient must have valid VAT registration number
 - > [Check on EU website](#)
- 🔔 In case of non VAT registered recipient VAT due in country b (VAT in country a applies in case < 10.000€ sales of goods in EU member states)

Supplier can use OSS (one stop system) in own country for administration

🌐 OUTSIDE THE EU



EXPORT

Delivering goods or services outside EU
Zero rate on all sales outside Country A:

- > No VAT registration numbers needed
- > Proof that goods were removed are required
- > VAT due in Country A



IMPORT

- > VAT due in Country A

Services

Basic Rule PLACE OF SUPPLY OF SERVICE



IN CASE OF B2B Business to Business

VAT applies of the other country (country B), even if performance takes place in country C



IN CASE OF B2C Business to Consumer

VAT applies of the country of the supplier (country A)!

Special rules on electronics services! Always taxable in country of customer: but thanks to OSS tax can be paid in country of supplier

ADMINISTRATIVE REQUIREMENTS



COUNTRY A

VAT for supplier is zero

S
U
P
P
L
I
E
R

- ✓ VAT number of supplier to be on invoice
- ✓ **Supplier needs written proof** that recipient has valid VAT registration number
- ✓ Special 'listing' to tax administration: amount of sales per foreign VAT number



COUNTRY B

VAT to be paid by recipient in his country

R
E
C
I
P
I
E
N
T

- ✓ Recipient to mention foreign invoices in VAT return
- 🔔 **In case of VAT-exemption of recipient cultural organisation ...**

... exemption may apply in country of supplier

For an overview of (low) VAT rates and exemptions in EU countries, see p30 in

The Ultimate Cookbook for Cultural Managers on VAT



Remember

It's the country of the company which has a valid VAT number that counts, not the place where the performance happens (unless place of company and performance are the same)

Exceptions to basic rule, of importance to artists and their companies

(i.e. not to whom service is supplied but where the service happens)

- Intermediaries
- Immovable property
- Passenger transport
- Admission to cultural events (tickets)
- Services related to cultural activities to a non-taxable person
- restaurant & catering services
- Short-term hiring of transport

In such cases it may require service suppliers to register for VAT purposes in country where they provide services

Advise

Use a local accountant/ tax adviser or work with a local promoter



For further information read

The Ultimate Cookbook for Cultural Managers:

VAT in an international context
(update March 2021)

This infographic is part of the EFA/PEARLE* partnership in the context of the EFA Revealing the Alliance project 2022-2024 implemented with the support of the Creative Europe Programme of the European Union.

This infographic reflects the view only of the author and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Co-funded by
the European Union