**INTERNATIONAL TAXATION**

**Taxation of artistes and sportsmen**

**Detailed description**

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1.0 TAX TREATMENT OF INCOME OF ENTERTAINERS AND SPORTSMEN UNDER PROVISIONS OF CONVENTIONS FOR THE AVOIDANCE OF DOUBLE TAXATION OF INCOME

Taxation of income of artistes (entertainers) and sportsmen is usually regulated by Article 17 of a convention for the avoidance of double taxation of income (hereinafter: convention)[[1]](#footnote-1). This article applies in cases when artistes and sportsmen earn income from performing business activities on their own behalf and for own account, as well as in cases when an artist or sportsman performs a business activity for another person, at whom he or she is employed, or performs a business activity based on another contractual relation. Provisions of Article 17 of convention are given priority over provisions of Article 7 (Business profits) and Article 14 (Independent personal services) or Article 15 (Income from employment).

In accordance with conventions, the artistes shall be deemed theatre, movie, radio and television artistes and musicians, who deliver public performance in front of audience. The sportsmen shall include all existing types of performing sport.

1.1 Right to taxation of entertainers and sportsmen in accordance with the provision of Article 17 of conventions

Paragraph one of Article 17 of the convention states that, notwithstanding the provisions of Articles 14 and 15, the income earned by a resident of a contracting state as an entertainer that is a theatre, movie, radio or television artiste or musician or an sportsman in such personal activities, which are performed in another contracting state, may be taxed in that other state (that is a state where the entertainer or sportsman performs a certain activity).

Based on paragraph nine of commentary on Article 17 of the OECD[[2]](#footnote-2) Model Convention Article 17 is applied in connection with all types of income which an artiste or sportsman receives in connection with performed activities, such as fees for appearing in the media or on events or fees for appearing in commercials, premiums, rewards and share in tickets sold.

In decision-making, whether a certain type of income is subject to tax under Article 17, the decisive factor is a connection of that income with (attributability to) an actual performance or presentation of an entertainer or a sportsman. If it is established that the income is a consequence of performing other activities of entertainers or sportsmen, another relevant Article of the Convention shall apply for taxation. So sponsoring payments, for example, which companies pay for presenting their company's name on certain event, are also connected with the event itself and consequently subject to taxation under Article 17.

Paragraph two of Article 17 of convention states that in the event when the income from personal activities, which are performed by entertainers or sportsmen, does not belong to entertainers or sportsmen themselves, but to other person, that type of income may be taxed in the contracting state, in which activities of entertainers or sportsmen are performed.

It often happens that an entertainer or a sportsman is a founder and/or an owner of a company, whose only function is that it is a recipient of income, which is achieved by entertainers or sportsmen with their performance or in connection with their performance. Such company may appear as an employer of an entertainer or a sportsman, which means that the performer is employed with that company or performs an activity based on other contractual relation. The entertainers or sportsmen may also receive only a part of payment from that company and they receive the remaining part of payment for their performance in other forms (e.g. dividends, profit payments, etc.) and in later time periods. In such cases when the income of entertainers or sportsmen belongs to another person, entertainers or sportsmen participate directly or indirectly in receipts of that other person, and paragraph two of Article 17 of convention enables that the income of entertainers or sportsmen is taxed in the state where entertainers or sportsmen perform an activity.

We would like to explain that at taxation of income of entertainers or sportsmen, which they achieve in other State (that is a source state) in cases when the income is paid to other legal person, which is in specified relation towards entertainers or sportsmen, in the event of different residence of legal persons and entertainers or sportsmen, paragraph two of Article 17 of convention, concluded between Slovenia and the residence State of the legal person, shall apply.

So income, which is achieved by foreign entertainers or sportsmen (non-residents of Slovenia) with their performance in Slovenia within an organised company, in accordance with paragraph two of Article 17 of convention, is taxed in Slovenia, where the activity of entertainers is conducted. Or income, which is achieved by entertainers and sportsmen (residents of Slovenia) with their performance in other contracting state within an organised company, in accordance with paragraph two of Article 17 of convention is subject to taxation in that other state that is the contracting state, in which the activity is conducted of entertainers or sportsmen. For purposes of paragraph two of Article 17 of convention it shall be deemed that the income is attributed to other person, who provides services of entertainers or sportsmen if that person has a right to receipt of gross amount of income from performance of foreign entertainers or supervision over it.

So provisions of paragraphs one and two of Article 17 of convention shall grant the right to taxation in Slovenia if the income is achieved with performing activities of foreign entertainers or sportsmen (non-resident of Slovenia) on the territory of Slovenia, or provisions of paragraphs one and two of Article 17 of convention grant the right to taxation to another contracting State if the income of entertainers or sportsmen (residents of Slovenia) is achieved with performing of activities on the territory of that other state. The State of residence of income recipient shall comply with provisions of convention, which define the method for elimination of double taxation.

So conventions grant the right to taxation to a State, where an artist or sportsman performs, as defined by paragraph one of Article 17 of OECD Model Convention, namely also in the event when the income is not paid directly to entertainers or sportsmen (paragraph two of Article 17 of OECD Model Convention), but to their agents, employers, etc. So the income received by a resident of a contracting State for performance in another contracting State, may be subject to taxation in that other State already at person's one single performance.

1.2 Types of income, for which the provision of Article 17 of conventions does not apply

In accordance with the commentary of OECD Model Convention Article 17 of conventions shall refer only to taxation of income of entertainers and sportsmen, and not also to other staff members, who participate in the artistic event or sportsman's performance (e.g. producers, directors, technicians, managers, trainers, auxiliary staff, etc.), who are subject to taxation, as the case may be, in accordance with Article 7 (Business profits) or Article 15 (Income from employment) of convention.

If for example a Slovene organiser of event in addition to an invoice of a foreign entertainer for the conducted music performance in Slovenia receives also an invoice of a foreign company for the conducted producer services, which that company conducted in connection with the performance of a foreign musician in Slovenia, Article 17 of convention, which deals with the income of artistes and sportsmen, cannot be applied as regards payment to a foreign company for conducted producer services in Slovenia. In this case the payment to a foreign company for producer services shall be dealt with in accordance with Article 7 of convention (business profits)[[3]](#footnote-3), which is concluded with the State of residence of a foreign company.

When a performer has a double role on the event (e.g. a musician, who performs also the work of a producer), one of the roles is as a rule subordinate to the other role. So based on the commentary to Article 17 of OECD Model Convention it is decisive for the definition of income which of the activities (roles) has a dominant position within the set of activities, which an individual performs. If it is established that the dominant activity (music performance) is subject to taxation in accordance with Article 17, also other performer's activities (e.g. producer services) are subject to taxation under Article 17 of convention. Otherwise, if the artistic activity (music performance) of an individual represents only an insignificant part of this person's activities, that income, which would otherwise be subject to taxation under Article 17, shall be subject to taxation in accordance with the Article, under which the income from the prevailing activity is taxed. This means that in the case if producer services are performer's prevailing activity the whole income shall be subject to taxation under Article 7 of convention, which deals with business profits. In cases when it is not possible to define, which activity of an entertainer or a sportsman is prevailing and which is only of secondary importance, the income shall be divided and taxed among the activities included in Article 17 and other activities taxable in accordance with other articles of convention.

When income from for example property rights, payments of sponsors, payments for advertising and public performance are not directly connected with the public performance of artistes or sportsmen, other provisions of convention shall be used for taxation.

1.3 A special feature in the Convention concluded with the USA

Paragraph one of Article 17 of Convention concluded with the USA regulates:

*»Income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio, or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Contracting State, which income would be exempt from tax in that other Contracting State under the provisions of Articles 14 (Independent Personal Services) and 15 (Dependent Personal Services) may be taxed in that other State, except where the amount of the gross receipts derived by such entertainer or sportsman, including expenses reimbursed to him or borne on his behalf, from such activities does not exceed fifteen thousand United States dollars ($15,000) or its equivalent in Slovenian tolars for the taxable year concerned.«*

This means that the income of artistes and sportsmen, who are residents of the USA and perform their activities in Slovenia, may be subject to taxation in Slovenia, but only under condition if the amount of gross receipts, which artists or sportsmen receive from that activity in Slovenia, exceeds 15.000$ in an individual calendar year. In such cases the income of artists or sportsmen shall be taxed in Slovenia in the whole amount and not only the difference above 15.000$. If the amount of gross receipts, which artists or sportsmen, who are residents of the USA, receive from that activity in Slovenia, does not exceed 15.000$ in an individual calendar year, and that income is also not subject to taxation in Slovenia in accordance with Article 14 or 15 of Convention, the income shall be subject to taxation only in the State of Residence of artistes or sportsmen (that is in the USA).

The income of artistes and sportsmen, who are residents of Slovenia and perform their activities in the USA, may be taxed also in the USA, but only under condition if the amount of gross receipts, which artists or sportsmen receive from that activity in the USA, exceed 15.000$ in an individual calendar year. In such cases the income of artistes or sportsmen shall be taxed in the USA in the whole amount, and not only the difference above 15.000$. If the amount of gross receipts, which artists or sportsmen, who are residents of Slovenia receive from that activity in the USA, does not exceed 15.000$ in an individual calendar year, and that income is also not subject to taxation in the USA in accordance with Article 14 or 15 of Convention, the income shall be taxed only in the State of Residence of artistes or sportsmen (that is in Slovenia).

1.4 Claiming benefits referred to in paragraph three of Article 17 of Conventions (that is exemption from tax payment or tax refund in the state, where the performance is delivered)

In valid Conventions, which Slovenia has concluded with other Contracting States, third paragraph has been added to Article 17, in accordance with which the income of entertainers or sportsmen are subject to taxation only in their State of Residence when:

* the performance is financed mainly from public finance funds of the State of Residence of entertainers or sportsmen or
* the income of entertainers or sportsmen is achieved within the cultural or sport exchange, which has been confirmed by Contracting States.

The income of entertainers or sportsmen shall be subject to taxation only in their State of Residence if precisely specified conditions referred to in paragraph three of Article 17 of Conventions are fulfilled (that is the condition as regards financing from public finance funds and/or the condition, which refers to the concluded cultural agreement).

At application of paragraph, three of Article 17 of Conventions the Convention shall be always taken into consideration, which is concluded between the Source State and the State of Residence of entertainers or sportsmen. The benefit referred to in paragraph three of Article 17 of Conventions (that is exemption from tax payment or tax refund in the state, where the performance is delivered) may be claimed only by the actual recipient of income or beneficial owner of income[[4]](#footnote-4) and may be recognized if the conditions stated in that provision are fulfilled. Some Conventions state that all conditions stated in that provision shall be fulfilled for approval of benefits, while certain Conventions state that the fulfilment of one of conditions stated in that provision is sufficient for approval of benefits. If conditions referred to in paragraph three of Article 17 are not fulfilled, benefits on that basis cannot be claimed.[[5]](#footnote-5)

In connection with the implementation of provision of paragraph three of Article 17 of Conventions two conditions shall be emphasized as follows, some Conventions include the condition concerning financing from public finance funds completely and/or mainly, while some other include the condition, which refers to the concluded agreement on cooperation between Slovenia and other State in culture, education, science and sport (hereinafter: cultural agreement) or its implementation programme and protocol of cultural cooperation and exchanges, in which Contracting States agree in more detail about the forms of cooperation, organisational and financial conditions, etc. So some of Conventions for approval of benefits determine only one of both emphasized conditions and certain Conventions determine both conditions at the same time.

Non-residents, who deliver their performance in Slovenia, may claim benefits on forms for requests for claiming benefits referred to in Conventions for avoidance of double taxation. In an actual situation the taxable person (non-resident) at fulfilment of all conditions referred to in paragraph three of Article 17 of an individual Convention may submit to the payer of tax (that is the payer of income) a completed: »[Claim for exemption from the tax on other income pursuant to the provisions of the international convention on the avoidance of double taxation of income (KIDO 8)](https://edavki.durs.si/EdavkiPortal/OpenPortal/CommonPages/Opdynp/PageD.aspx?category=zmanjsanje_oprostitev_fo)«, before the income is paid. The payer of tax shall submit a completed request to a competent tax authority, and does not calculate and does not withdraw tax from the paid income until receiving the confirmed request from the tax authority. If tax has already been charged from the above-mentioned income despite the exemption, the taxable person may submit: »[Claim for reimbursement of tax on other income pursuant to the provisions of the international convention on the avoidance of double taxation of income (KIDO 12)](https://edavki.durs.si/EdavkiPortal/OpenPortal/CommonPages/Opdynp/PageD.aspx?category=vracilo_fo)«, on the basis of which the tax is refunded to this person. The certificate that the income recipient is a resident of the other Contracting State is also a constituent part of request form. The above-mentioned certificate is issued by the competent authority of the State of Residence of income recipient. Relevant evidence from which entitlement to claiming benefits is clear shall be enclosed with the request for claiming benefits.

The recipient of income that is a resident of Slovenia claims benefits referred to in paragraph three of Article 17 of Conventions in other Contracting State, where this person delivers the performance. In this case, this person's income shall be subject to taxation in Slovenia in whole.

1.4.1 Compliance with the condition of financing from public finance funds

In some Conventions paragraph, three of Article 17 regulates that the income of artistes or sportsmen is subject to taxation only in their State of Residence if the tour in other Contracting State is completely or mainly financed from public funds of one or both Contracting States. In such cases, it is not important for approval of benefits, which of Contracting States is financing the performance.

Frequently the condition (or one of conditions) for entitlement to benefits referred to in paragraph three of Article 17 of Convention, which depends on an convention, is that the performance is completely or mainly financed by public funds of the State of Residence of entertainers or sportsmen. In such cases the purpose of paragraph three of Article 17 of Convention is that, the income of entertainers or sportsmen shall be subject to taxation only in the State of Residence of entertainers or sportsmen because that is also the State, which is financing the performance.

Taxable persons that are non-residents (artistes and sportsmen), who deliver the performance in Slovenia, frequently enclose only a statement of income recipient (or event organiser) that the conditions are fulfilled referred to in paragraph three of Article 17 of actual convention with requests for exemption of tax or with requests for tax refund based on conventions. Based on findings of the Slovene tax authority in procedures of checking the compliance with conditions referred to in paragraph three of Article 17 of Conventions in last years, doubt has arisen in many cases on authenticity and accuracy of statements of some taxable persons. From the submitted contracts on financing the events required by the Slovene tax authority it is frequently clear that the performance is not financed from public funds of the State of Residence of entertainer, but from public funds of the Source State (Slovenia)[[6]](#footnote-6) or that the performance frequently is not financed from public, but from private funds.

Based on preceding paragraphs only a written statement of income recipient (or an event organiser) on compliance with conditions referred to in paragraph three of Article 17 of an actual convention is not necessarily sufficient for granting the benefits (tax exemption or tax refund), but upon request of the Slovene tax authority also other relevant pieces of evidence have to be submitted.

The tax authority in Slovenia does not grant requests for exemption of tax or requests for tax refund based on paragraph three of Article 17 of Conventions if it is established in the procedure that conditions from that provision are not met (financing the performance from public funds of the State of Residence of entertainer).

The financing referred to in paragraph three of Article 17 of Conventions namely refers exclusively to financing of visit (touring) in Slovenia, which means transport, accommodation, meals and other expenditures related to stay of providers in Slovenia, but not to financing of preparation of performance delivered in Slovenia or in any other State. For granting the benefits referred to in paragraph three of Article 17 of Conventions the certificate is also not sufficient that the entertainer is financed from public funds of the State, in which this person is a resident. It has to be clear from the enclosed supporting documents (e.g. contracts on realisation of performance in Slovenia, invoices for realisation of performance in Slovenia) that the actual visit (performance) in Slovenia is financed from public funds of the State of Residence of entertainer.

1.4.2 Compliance with the condition, which refers to cultural agreements

In cases when the income of entertainers and sportsmen are subject to taxation only in the state of their residence because the tour in other Contracting State is performed within the cultural agreement or the programme of culture and sport exchanges, provisions of individual cultural agreements, which the State of Income Source (that is the state where the performance is delivered) concluded with other states and provisions of implementation programmes of cooperation with those states shall be considered in detail.

If an actual situation includes a cultural or sport tour, delivered by a resident of other Contracting State in Slovenia, we would like to explain that at decision-making whether an individual type of income is exempt from tax payment at source (that is in Slovenia) or paragraph one or two of Article 17 shall be used for its taxation, the fact is of decisive importance whether the actual touring (e.g. movie or theatre festival, event, etc.) is performed in accordance with the cultural agreement or provisions of the concluded implementation programme of cooperation between Slovenia and that other Contracting State.

The list of international agreements on cooperation in culture, education and science and implementation programmes and protocols is published on the website of [Slovenian Research Agency.](http://www.arrs.gov.si/sl/medn/dvostr/sporazumi.asp)

At solving of requests for exemption of tax or requests for tax refund of foreign entertainers and sportsmen (non-residents) based on paragraph three of Article 17 of Conventions, the Slovene tax authority in each considered case separately checks whether the Contracting States have agreed in the concluded implementation programme on cooperation for a certain type of cultural or sport cooperation (e.g. artistic or sport event). If it is clear from an individual implementation programme on cooperation that an actual cultural or sport tour is not a part of in advance specified content of the above-mentioned programme, the tax authority in Slovenia does not grant requests for exemption or tax refund.

So the tax authority in Slovenia checks in each actual case whether as regards the circumstances of that case the conditions are fulfilled for claiming benefits referred to in paragraph three of Article 17 of actual Convention. If conditions referred to in paragraph three are not met, paragraph one or two of Article 17 of Convention shall be used based on which Slovenia has a right to taxation of income of foreign entertainers or sportsmen (non-residents).

2.0 TAXATION OF FOREIGN ENTERTAINERS AND SPORTSMEN – NON-RESIDENTS UNDER THE NATIONAL LEGISLATION

Withholding tax is settled, withheld and paid on payments to foreign entertainers or sportsmen or foreign legal entities, where those entertainers or sportsmen are employed or perform an activity based on other contractual relation for performance delivered in Slovenia.

At this point provisions of national tax legislation as well as also provisions of Conventions shall be taken into consideration. If Slovenia doesn’t have a concluded convention with the State of Residence of entertainer or sportsman, the income, which foreign entertainers or sportsmen earn with performance in Slovenia, may be subject to taxation in Slovenia based on provisions of national tax legislation. Non-residents are in Slovenia liable for payment of tax on income with the source in Slovenia.

If a convention is concluded with the State of Residence of entertainer or sportsman, Slovenia has as a rule a right to taxation based on a provision of paragraph one or two of Article 17 of Convention.

Withholding tax from direct payments to an entertainer – non-residents decreased for flat-rate expenses in the share of 30 % on an individual payment is in accordance with Article 68 of [Personal Income Tax Act, ZDoh-2](http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4697) in connection with Article 70 of [Corporate Income Tax Act, ZDDPO-2](http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4687) calculated, withheld and paid at a rate of 15 %. The same is also true if the event organiser pays income to a foreign entertainer via an intermediary (agent) because the income paid in this way is considered as income of entertainer. The event organiser performs the withholding tax return on REK -2 form.

If the income from self-employment of entertainers belongs and is paid to a foreign legal person, at whom the entertainers are employed or are in other contractual relation with that legal person (or is paid to a foreign legal person, the founder and/or owner of whom is the entertainer himself or herself), in accordance with point 5 of paragraph one of Article 70 of ZDDPO-2 withholding tax is calculated, withheld and paid on gross base at a rate of 15 %. The procedure is the same also if the event organiser pays income to a foreign legal person, for whom a foreign entertainer or sportsman delivers the performance in Slovenia through an intermediary (agent). The event organiser performs withholding tax return on ODO-1 form.

The paid withholding tax shall be deemed as the final tax of non-resident.

2.1 Income is paid directly to a foreign entertainer (non-resident)

[Personal Income Tax Act, ZDoh-2](http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4697) regulates in paragraph two of Article 5 that a non-resident is liable for payment of personal income tax on all income types with the source in Slovenia. Notwithstanding paragraph two of Article 5 of ZDoh-2, personal income tax is not paid on income achieved with performing business activities – except on income from business activities of entertainers or sportsmen – in compliance with the following conditions:

1. income recipient is a non-resident,
2. this person does not perform business activities in Slovenia in or via a business unit and is present in Slovenia less than 183 days in any period of 12 months and
3. this is not the income type, from which withholding tax is settled in accordance with paragraphs one and two of Article 68 of this Act,

as defined by paragraph four of Article 33 of ZDoh-2.

The income, which is paid directly to a foreign entertainer or sportsman – non-resident, shall be deemed income from business activities in accordance with provisions of ZDoh-2. This person’s status for the definition of income from business activities of entertainers – non-resident is not important (performing business activities with the meaning of sole trader), so it is not necessary to establish this person’s status in the State of Residence.

Based on a provision of Article 68 of ZDoh-2 withholding tax shall be calculated, withheld and paid on income, which the entertainer or sportsman that is a non-resident, who has no business unit in Slovenia, receives. The tax base, from which withholding tax is calculated, withheld and paid, is in accordance with paragraph two of Article 68 of ZDoh-2 an individual payment[[7]](#footnote-7), reduced for flat-rate costs in the share of 30 % on an individual payment.

A possibility of reducing the tax base for flat-rate costs in the share of 25 % of revenues was used from 1 January 2010 (amending act ZDoh-2E), with amending act ZDoh-2L, which was used from 1 January 2013, flat-rate costs were determined in the share of 70 % of revenues, amending act ZDoh-2N, which was used from 1 January 2015 onwards, determined flat-rate costs in the share of 80 % of revenues. Flat-rate costs in the share of 30 % on an individual payment are determined for the income received by an entertainer or sportsman that is a non-resident, who has no business unit in Slovenia, with amending act ZDoh-2S, which is in force from 1 January 2018.

Withholding tax shall be calculated, withheld and paid at a rate defined by the Act regulating corporate income tax. Taking into consideration a provision of Article 70 of [Corporate Income Tax Act, ZDDPO-2](http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4687), the rate is 15 % on income.

In accordance with point 5 of paragraph one of Article 58 of [Tax Procedure Act, ZDavP-2](http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4703) the payer of tax is an event organiser, who calculates, withholds and pays withholding tax on the day of paying income to an entertainer that is a non-resident for the activity performed in Slovenia. The payer of tax performs withholding tax return on REK-2 form.

The taxable person that is a non-resident who has no business unit in Slovenia may request higher flat-rate costs (in the share of 80 % on an individual payment) if this person proves compliance with conditions, which are otherwise in force for entry and existence in the system of flat-rate expenditures (determined in paragraph three of Article 48 of ZDoh-2). Instead of flat-rate costs the taxable person that is a non-resident may claim actual costs directly attributable to an individual activity in Slovenia. For this purpose the entertainer or sportsman who is a non-resident and to whom the payer of tax (event organiser) in accordance with Article 68 of ZDoh-2 has calculated, withheld and paid withholding tax, may submit [Request for reimbursement of higher flat-rate expenses or actual expenses regarding non-resident entertainers or sportsmen](https://edavki.durs.si/EdavkiPortal/OpenPortal/CommonPages/Opdynp/PageD.aspx?category=izvajalec_sportnik_uveljavljanje_fo) to the tax authority. The request is filed with the tax authority in 30 days following the payment of income or in 30 days following the last payment of income if the income for an individual activity is paid in several parts.

2.2 Income is paid to an intermediary (agency)

In cases when the income is paid via an intermediary (agent), the accurate tax treatment requires knowing the final recipient of income that is the person eligible to income.

If the income is paid or belongs to a foreign entertainer or sportsman via an intermediary (agent), it is considered as income of entertainer. Such payment is taxed in the same way as if it has been paid directly to a foreign entertainer, in the same way as described under point 2.1.

If the income is paid or belongs to a foreign legal person, for whom a foreign entertainer or sportsman delivers performance in Slovenia via an intermediary (agent), the payment doesn’t belong to the entertainer or sportsman, but to the other person that is a legal person of foreign law. Taxation is performed in the manner described under point 2.3.

2.3 The income is paid to a foreign legal person, at whom the entertainer is employed or performs an activity based on other contractual relation

If the income from business activities of entertainer or sportsman, who performs in Slovenia, is paid to a foreign legal entity, at whom the entertainer is employed or performs an activity based on other contractual relation, such income is considered as the income of legal entity. In such cases the payment doesn’t belong to the entertainer (or sportsman), but to the other person that is the legal person of foreign law (e.g. foreign theatre, foreign sport club, etc.).

In addition the cases are also possible when the income from business activities of entertainers or sportsmen in Slovenia is paid to a foreign legal person, the founders and/or owners of which are entertainers or sportsmen themselves. Also in those cases the payment doesn’t belong to the entertainer or sportsman, but to the other person that is the legal person of foreign law, which is not necessarily an employer of entertainer or sportsman. This means that entertainers or sportsmen receive only a part of payment from that company and they receive the remaining part of payment for their performance in other forms (e.g. dividends, payments of profit, etc.) and also in later time periods.

The income from services of entertainers or sportsmen, which belong to other person, has in accordance with paragraph twelve of Article 8 of [Corporate Income Tax Act, ZDDPO-2](http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4687) the source in Slovenia if services are performed in Slovenia.

In accordance with point 5 of paragraph one of Article 70 of ZDDPO-2 the tax is calculated, withheld and paid at a rate of 15 % from income of residents and non-residents – with the exception of dividends and income types similar to dividends, paid via a business unit of non-resident located in Slovenia – which have the source in Slovenia, which means also from payments for services of entertainers or sportsmen if those payments belong to other person.

In accordance with paragraph five of Article 12 of ZDDPO-2 the base for withholding tax on income types, stated in Article 70 of this Act, is each individual income. The income types from which this Act regulates withholding tax obligation (that is taxation at source) are subject to taxation on gross base, which means that the tax is at source calculated, withheld and paid from the whole amount of income, which is paid to a resident or non-resident. This also means that at this type of taxation no costs are recognised, which the recipient had for achieving that income.

Withholding tax is paid from gross base or the whole payment to the entertainer or sportsman, which in addition to the fee of entertainers or sportsmen, frequently includes also organiser’s payment of other costs connected with the performance (such as for example cost for advertising, costs for transport of equipment and providers, costs for renting additional speakers, costs for wardrobe, costs of hotel services, etc.).[[8]](#footnote-8)

For payment of other services and costs, which are charged by a foreign legal entity in addition to the invoice for the performance delivered (e.g. producer services, costs of accompanying staff, who participate in realisation of performance – technical and auxiliary staff), withholding tax in Article 70 of ZDDPO-2 is not prescribed[[9]](#footnote-9)

The payer of tax is in accordance with point 5 of paragraph one of Article 58 of [Tax Procedure Act, ZDavP-2](http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4703) the Slovene event organiser, who calculates, withholds and pays the withholding tax on the day of payment of income to a foreign legal entity for the performed activity of entertainer or sportsman that is a non-resident in Slovenia. The payer of tax performs the withholding tax return on ODO-1 form.

3.0 TAXATION OF INCOME OF ENTERTAINERS WITH VAT

3.1 Place of taxation of services from the field of culture, art, sport, and entertainment

The place of taxation of services from the fields of culture, art, sport, science, education, entertainment and similar services shall be determined in accordance with different rules, which means in accordance with:

* paragraph one of Article 29 of [ZDDV-1](http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4701) (services connected with the entrance fee, performed to taxable persons);
* paragraph two of Article 29 of ZDDV-1 (services performed to persons, who are not taxable persons) or
* Article 25 of ZDDV-1 (other services, which are not included in special rules).

3.1.1 Place of taxation under paragraph one of Article 29 of ZDDV-1

Based on paragraph one of Article 29 of ZDDV-1 (Article 53 of Directive 2006/112) the place of performing services in connection with entrance fees for cultural, artistic, sport, scientific, educational, fun or similar events, such as fairs and exhibitions, including support services connected with entrance fees, which are performed to the taxable person, is the place where those events are actually performed.

This includes services in connection with entrance fees for events, which are performed to the taxable person. Those services have two essential characteristics that this is an event and approval of the right to access to the event. An event means a »single« event and it is a narrower term than an activity, which is a repeating event (e.g. visit to fitness, pottery class).

Services in connection with the access to events from the field of culture, art, sport, science, education, entertainment and similar events referred to in paragraph one of Article 29 of ZDDV-1 include services, the main characteristics of which is approval of the right to access to events on the basis of entrance ticket or payment, including the payment in the form of season tickets or annual participation fee. This includes mainly the following examples:

* the right to enter shows, theatrical productions, circus shows, amusement parks, fairs, concerts, exhibitions, and similar events, including season tickets;
* the right to enter sport events, such as matches or competitions, including season tickets;
* the right to enter educational and scientific events, such as conferences and workshops.

A provision does not include the use of facilities, such as gyms or other facilities on the basis of participation fee payment.

Ancillary activities referred to in paragraph one of Article 29 of ZDDV-1 include services directly connected with access to events from the field of culture, art, sport, science, education, entertainment or similar events, which are for separate payment offered to a person, who participates in the event. Those ancillary services include mainly the use of dressing rooms or bathroom facilities, but they don’t include intermediary facilities connected with the sale of tickets.

3.1.2 The place of taxation of services under paragraph two of Article 29 of ZDDV-1

Services from the field of culture, art, sport, entertainment or similar events, performed to persons who are not taxable persons, are regulated by paragraph two of Article 29 of ZDDV-1 (paragraph one of Article 54 of Directive 2006/112). It states that the place of performing services, including support services, from the field of culture, art, sport, science, education, entertainment or similar events, such as fairs and exhibitions, including services of organisers of those activities, which are performed to persons, who are not taxable persons, is the place where those activities are actually performed.

3.1.3 The place of taxation of services under paragraph one of Article 25 of ZDDV-1

The place of performing services from the field of culture, art, sport, entertainment and similar services, which are not included in special rules (paragraphs one and two of Article 29 of ZDDV-1), is defined in accordance with the general rule referred to in paragraph one of Article 25 of ZDDV-1 (Article 44 of Directive 2006/112). It states that the place of performing services received by the taxable person acting as such is the place where those taxable persons have a registered office of their business activities. If those services are performed to a permanent establishment of taxable persons, which is not in the place where those persons have a registered office of their business activities, is the place of performing those services the place where that taxable person has a permanent establishment. If there is no such registered office or no such permanent establishment, the place of performing services is the place, where the taxable person, who receives those services, has permanent or usual residence.

3.1.4 The place of performing services of intermediaries

ZDDV-1 in Article 26 determines a special rule for services of intermediaries, under which the place of performing services, which are performed to a person, who is not a taxable person, by an intermediary, who operates on behalf and for the account of another person, is the place, where in accordance with this Act the main transaction is performed (service, in connection with which it is submitted).

If the intermediary performs a service to a person, who is a taxable person (taxable person acting as such), the place of performing services is defined under the general rule in accordance with paragraph one of Article 25 of ZDDV-1.

When the taxable person at performing services acts on his or her own behalf and for the account of another person, it shall be deemed in accordance with Article 16 of ZDDV-1 that this person receives and supplies those services himself or herself.

3.2 Definition of the taxable person for the application of rules on the place of performing services

Before the selection of the rule for definition of the place of performing services it shall be determined whether the recipient of service is a taxable person or not. Based on paragraph one of Article 5 of ZDDV-1 the taxable person is every person who anywhere independently carries out any economic activity, whatever the purpose or result of that activity. Based on paragraph five of Article 5 of ZDDV-1 state bodies and organisations, local self-governing authorities and other bodies governed by public law shall not be deemed as taxable persons in respect of the activities or transactions, which they perform as state authorities.

The condition that the economic activity is carried out independently excludes employees and other persons, who are bound to the employer by an employment contract or any other legal relations, which as regards supervision and instructions in connection with work, method for performing work, payment for work done and other responsibilities of employer point to a dependent relation between the employer or employee.

In addition to the above-mentioned general provision of taxable person, ZDDV-1 defines in Article 24 who is also additionally considered as a taxable person for purposes of using rules on the place of supply of services. This Article expands the definition of taxable person and defines that for the purposes of using rules on the place of supply services the following persons are also considered taxable persons:

* taxable person, who performs also activities or transactions, which in accordance with paragraph one of Article 3 of ZDDV-1 are not defined as taxable supplies of goods or services, which means for all services, which have been supplied to that person;
* legal person, who is not a taxable person, but it is identified for VAT.

The providers may (unless they have contrary information) consider that the recipient of service (referred to in paragraph one of Article 25 of ZDDV-1) with the registered office in the Union has a status of taxable person:

* if the recipients have communicated their personal VAT identification number to the provider and the provider obtains confirmation referred to in Article 31 of Council Regulation (EC) no 904/2010 of 7 October 2010 on the administrative cooperation and combating fraud in the field of value added tax;
* if the recipients have not yet received a personal identification number for VAT, although they have notified the provider that they have applied for it and the provider obtains any other evidence, from which it may be concluded that the person is a taxable person or a legal person, which is not a taxable person, which may be identified for VAT, and if with usual business security measures, such as measures in connection with checking the identity or payments, reasonably checks the accuracy of information, which was sent to the provider by the recipient.

The providers of service may (unless they have counter information at their disposal) consider that the recipient with a registered office in the Union doesn’t have the status of taxable person if this person may prove that the recipient in question has not communicated a personal identification number for VAT.

The providers of service may (unless they have counter information at their disposal) consider that the recipient with a registered office outside the Union has the status of taxable person:

* if they obtain a certificate from the recipient of competent tax authorities of recipient on inclusion of the recipient in economic activities, which enables this person to obtain VAT refund in accordance with Council Directive 86/560/EGS of 17 November 1986 on the harmonization of the laws of the Member States relating to turnover taxes – Procedures for refunds of value added tax to taxable persons who have no permanent residence or registered office within the territory of Community;
* if the recipient has no certificate and the supplier has VAT number or similar number, which has been assigned to the recipient by the State of Registered Office and is used for identification of activities, or any other piece of evidence, from which it may be clear that the recipient is a taxable person, and if the supplier with usual business security measures, such as measures in connection with checking the identity or payments, reasonably checks the accuracy of information, which was sent to this person by the recipient.

3.3 Subject to VAT, tax base and VAT rate

Supplies of goods and supplying of services, performed by taxable persons in the course of their economic activity within the territory of Slovenia for payment are in accordance with Article 3 of ZDDV-1 subject to VAT.

At supplies of goods or services under Article 36 of ZDDV-1 the tax base includes everything which represents the payment (in money, things or in services), which has been received or will be received by the supplier or provider from the buyer, ordering party or third persons for those supplies, including subsidies, which are directly linked to the price of such supplies.

The following items are included into the tax base, unless they are already included:

1. excise duties and other taxes, fees, import and other duties, except VAT;
2. incidental expenses, such as commissions, costs of packaging, transport and insurance, charged to the buyer or to the person ordering service by the supplier or provider.

The tax base does not include:

1. price discounts for early payment;
2. price discounts and rebates, approved to the ordering party and accounted for at the moment of supply;
3. amounts, which the taxable persons receive from their ordering party as reimbursement for costs, which they have paid on behalf and for the account of the ordering party and which they manage in their accountancy as transitory items. The taxable person shall ensure proof of the actual amount of those expenditures and shall not deduct any VAT which may have been charged for those transactions.

If the net amount is stated in the contract for the supplied service and withholding tax is calculated from gross tax base reduced for flat-rate costs, the base for VAT return is the gross amount (gross tax base).

Based on Article 41 of ZDDV-1 VAT is charged and paid at a general rate of 22% from the tax base for all supplies of goods and services, except for supplies of goods and services, for which the Act specifies that they are subject to taxation at a reduced rate of 9.5 % from the tax base.

The list of supplies of goods and services, from which VAT is charged at a reduced VAT rate, is specified in Annex I to ZDDV-1, which is a constituent part of the Act. So point 8 of Annex I to ZDDV-1 regulates that copyright of writers and composers and services of performing artists shall be subject to taxation at a reduced VAT rate.

Services of performing artists are specified in Article 53 of [Rules](http://www.pisrs.si/Pis.web/pregledPredpisa?id=PRAV7542) on the implementation of the Value Added Tax Act - Rules. Services of performing artists referred to in point 8 of Annex I to ZDDV-1 are: acting, singing, dancing, reciting or other artistic performance of copyright or folklore works of actors, singers, musicians, dancers and similar persons. Performing artists shall include also directors of theatrical productions, orchestra conductors, choirmasters, sound engineers and variety and circus artists.

Services of performing artistes are subject to taxation at a reduced rate also in cases when performing artistes work for a music agency, which (on its behalf) charges a service of performance of performing artistes to the organiser.

If musicians are employed with the agency or the agency has copyright contracts concluded with them, the agency charges the performance of performing artistes on its own behalf and it cannot charge VAT only on commission. The music agency may charge VAT at a rate of 22 % from its fee if in the transaction it has acted as an intermediary on behalf and for the account of another person. The party ordering intermediary services may be a performing artiste, an organiser or other person.

Such example is when a music agency »charges« the performance of performing artistes on behalf and for the account of artiste. An appropriate contract has to be concluded between the organiser and performing artiste and the music agency acts only in the role of intermediary or representative. In this case the base for VAT return is the commission, which is the payment for the performed service of agency. The amount, which the agency receives on behalf and for the account of provider, is excluded from the tax base based on point c) of paragraph six of Article 36 of ZDDV-1. This regulates that the amounts shall not be included in the tax base, which the taxable persons receive from their ordering party as reimbursement for expenditures, which those persons have paid on behalf and for the account of ordering party and which those persons manage in their accountancy as transitory items. The taxable person shall provide the proof of the actual amount of those expenditures and shall not deduct a possibly charged VAT on those transactions. VAT at a rate of 22% shall be charged on intermediary services. It shall be clear from the invoice that the music agency charges a commission and that it charges the performance of performing artiste on behalf and for the account of certain performing artiste.

3.4 Identification for VAT purposes and obligation of submission of recapitulative statement

In accordance with paragraph one of Article 78 of ZDDV-1 every person shall notify the tax authority of commencement of an activity as a taxable person and submit an application to the competent financial office for issuing VAT identification number. Taxable persons, to whom the obligation of submission of the application for issuing VAT identification number shall not refer, are specified in paragraph two of Article 78 of ZDDV-1. Under a provision of paragraph two of Article 78 of ZDDV-1 the obligation of submission of the application for issuing VAT identification number shall also not refer to the taxable person, who is exempt from VAT charging under paragraph one of Article 94 of ZDDV-1 (small taxable person).

Based on paragraph four of Article 78 of ZDDV-1 each taxable person, who has a registered office in Slovenia and supplies services on the territory of another Member State, for which a payer of VAT in accordance with Article 196 of Council Directive 2006/112/EC is exclusively a recipient of services and each taxable person, to whom the services are supplied on the territory of the Republic of Slovenia, for which this person shall pay VAT in accordance with point 3 of paragraph one of Article 76, shall submit an application for issuing VAT identification number to the tax authority. Under that provision also a small taxable person shall be identified for VAT purposes.

The obligation of identification for VAT purposes is valid also for foreign taxable persons, who perform services from the field of culture, art, sport, entertainment or similar events, such as fairs and exhibitions, including services of organisers of those activities if those services are supplied within the territory of Slovenia to persons, who are not taxable persons. Foreign taxable persons shall identify for VAT purposes before supply of services (regardless of the amount of turnover).

The taxable person shall declare also any change related to the activity and cessation of the activity to the tax authority.

The taxable person or non-taxable legal person, shall in accordance with paragraph five of Article 78 of ZDDV-1 submit a notification or application for issuing VAT identification number in electronic form. A detailed description as regards the identification for VAT purposes is under [Identification and obligations of foreign tax payers](https://www.fu.gov.si/fileadmin/Internet/Davki_in_druge_dajatve/Podrocja/Davek_na_dodano_vrednost/Opis/Identification_and_obligations_of_foreign_tax_payers.doc).

Under point c) of paragraph one of Article 90 of ZDDV-1 every taxable person, identified for VAT, shall submit a recapitulative statement to the tax authority on taxable persons and legal entities, which are not taxable persons, but they are identified for VAT, to whom this person has supplied services, which are not services, which are exempt from VAT payment in the Member State, where the transaction is taxable, and for which the recipient of services is liable to pay VAT in accordance with Article 196 of Directive 2006/112/ES.

Based on the preceding paragraphs it shall be deemed that services from the field of culture, art, sport, etc., which are not services in connection with entrance fees, and which are supplied by taxable person to taxable persons in other Member States (the place of service under paragraph one of Article 25 of ZDDV-1), shall not be included in the amount of taxable turnover under Article 94 of ZDDV-1, but the taxable persons shall identify for VAT purposes if they supply those services to a taxable person that is a recipient in other Member State and shall also report those services in the recapitulative statement.

3.5 Persons, liable to pay VAT

In accordance with point one of paragraph one of Article 76 of ZDDV-1 VAT shall be payable by every taxable person, carrying out a taxable supply of goods or services, except when VAT is payable by another person in accordance with this Article.

Further ZDDV-1 regulates in point three of paragraph one of Article 76 that VAT shall be paid by every taxable person or non-taxable legal person, identified for VAT purposes, to whom services are supplied referred to in paragraph one of Article 25 of this Act if those services are supplied by a taxable person with no registered office in Slovenia.

If the taxable person with no registered office in Slovenia doesn’t pay VAT in accordance with paragraph one of this Article, the recipient of goods or services shall pay VAT in accordance with paragraph three of Article 76 of ZDDV-1 DDV. The -mentioned provision of ZDDV-1, under which the recipient of goods or services supplied by the taxable person with no registered office in Slovenia, shall pay VAT if it is not paid by the supplier, shall mean only an exceptional rule with the purpose of preventing the situation in which supplies made by foreign taxable persons would be non-taxable merely due to the reason that those persons have failed to meet their obligation as regards the identification for VAT purposes in Slovenia.

3.6 VAT deduction

In accordance with paragraph one of Article 63 of ZDDV-1 the taxable person is entitled to deduct VAT, which this person is liable to pay or has paid in respect of purchases of goods or services if those persons have used or will use those goods or services for purposes of their taxable transactions, from VAT, which this person shall pay.

The conditions for claiming the right to deduction of VAT are defined by ZDDV-1 in Article 67. Under point a) of paragraph one of Article 67 of ZDDV-1 the invoice issued in accordance with Articles 80.a to 84.a of this Act is obligatory for VAT deductions.

If the taxable person has to pay VAT as an ordering party or a buyer in accordance with point three of paragraph one of Article 76 of ZDDV-1, this person shall, under point f) of paragraph one of Article 67 of ZDDV-1, meet formal requirements specified by the minister responsible for finance. The Rules also state in paragraphs four and five of Article 107:

* VAT deduction shall also include an amount of VAT, which the taxable person identified for VAT purposes has paid as the recipient of service in accordance with point 3 of paragraph one of Article 76 of ZDDV-1, with the exception of VAT amount, which has been paid by a person referred to in point d) of paragraph one of Article 4 of ZDDV-1;
* that the taxable person, who shall pay VAT as an ordering party, a buyer or recipient of goods or services, shall have an invoice or other document, which includes data necessary for provision of accurate VAT return, and in VAT return shall state the data about VAT amount, which this person shall pay, for claiming the right to deduction of VAT by the time limit for submission of VAT return.

3.7 Examples from VAT point of view

a) A Slovene taxable person receives an invoice from an entertainer from abroad (from other Member State or a third country) for performance on an event, which was organised by the Slovene taxable person in Slovenia. The entertainer performs an economic activity. From VAT point of view:

* the place of performing services is in accordance with paragraph one of Article 25 of ZDDV-1 in Slovenia;
* the entertainer from abroad doesn’t have to identify for VAT purposes in Slovenia;
* the person who shall pay VAT is in accordance with point three of paragraph one of Article 76 of ZDDV-1 a Slovene taxable person that is the organiser of event to whom the service is performed. At meeting the conditions for deduction of VAT this person also has the right to deduct VAT.

b) A Slovene taxable person receives an invoice from a foreign agency for performance of performing artiste from abroad on an event in Slovenia. From the invoice it is clear that the agency charges a commission for intermediary services on its own behalf and charges the performance of performing artiste on behalf and for the account of the performing artiste. From VAT point of view:

* the place of performing the service of performing artiste’s performance and the place of performing the intermediary services (commission) of foreign agency is in accordance with paragraph one of Article 25 of ZDDV-1 in Slovenia;
* the entertainer from abroad and the agency from abroad don’t have to identify for VAT purposes in Slovenia;
* the person, liable to pay VAT for the service of foreign performing artiste’s performance and from the fee of foreign agency is in accordance with point three of paragraph one of Article 76 of ZDDV-1 the Slovene taxable person that is the organiser of event to whom the service has been performed. At meeting the conditions for deduction of VAT this person also has the right to deduct VAT.

c) A Slovene taxable person receives an invoice from a Slovene agency (which is identified for VAT purposes in Slovenia) for performance of performing artiste from abroad at an event in Slovenia. If the agency charges a commission for intermediary services on its behalf and it charges the performance of performing artiste on behalf and for the account of performing artiste, then this shall be clear from invoices. From VAT point of view:

* the place of performing the service of performing artiste’s performance is in accordance with paragraph one of Article 25 of ZDDV-1 in Slovenia;
* the entertainer from abroad doesn’t have to identify for VAT purposes in Slovenia;
* the person, who shall pay VAT from the service of foreign performing artiste’s performance is in accordance with point three of paragraph one of Article 76 of ZDDV-1 the Slovene taxable person that is the organiser of event to whom the service is performed. At meeting the conditions for deduction of VAT this person also has the right to deduct VAT.;
* the place of performing the intermediary services is in Slovenia;
* the person, who shall pay VAT from the intermediary services (fee), is based on point one of paragraph one of Article 76 of ZDDV-1 the Slovene agency. At meeting the conditions for deduction of VAT this person also has the right to deduct VAT.

d) A natural person from Slovenia, who is not a taxable person, receives an invoice for performance of entertainer from abroad for performance in Slovenia. The entertainer performs an economic activity. From VAT point of view:

* the place of taxation of service is in accordance with paragraph two of Article 29 of ZDDV-1 in Slovenia;
* the entertainer from abroad shall identify for VAT purposes in Slovenia (if this person has a registered office in a third country, he or she shall appoint a tax representative, if he or she has a registered office in other Member State, this person may appoint a tax representative);
* the person, who shall pay VAT, is in accordance with Article 76 of ZDDV-1 the taxable person (entertainer from abroad) or this person’s tax representative. At meeting the conditions for deduction of VAT this person also has the right to deduct VAT.
1. In some conventions, Article 16 deals with income of artistes and sportsmen. [↑](#footnote-ref-1)
2. Model Tax Convention on Income and on Capital, Condensed version 21 November 2017, OECD. [↑](#footnote-ref-2)
3. This Article deals with business profits and regulates that the profit of company of the Contracting State shall be subject to taxation only in that State unless the company performs activities in other Contracting State through a permanent establishment in it. The Article is based on the principle that the company of a Contracting State is not subject to taxation in other Contracting State, until its business presence in other Contracting State reaches such level that a permanent establishment shall be established. [↑](#footnote-ref-3)
4. If a performer or group has an agent, who acts only as an intermediary and acting as such receives a payment for performance of the performer, the actual recipient of income is the performer or group, who is entitled to claiming benefits referred to in the Convention concluded between the state of source and performer's State of Residence. [↑](#footnote-ref-4)
5. For example: benefits cannot be claimed in cases of any commercial tour of a foreign philharmonic orchestra in Slovenia, which is not financed from public finance funds and/or it is not performed within an actual cultural agreement. [↑](#footnote-ref-5)
6. In majority of cases the actual performance is financed by a Slovene event organiser, to whom the funds have been assigned by the contract on financing from which it is clear that the funds have been provided by Slovenia (e.g. individual urban municipality). [↑](#footnote-ref-6)
7. The achieved payment also includes a possible organiser’s payment for costs of accommodation and transport (or other costs) for a provider connected with this person’s performance. If the Slovene event organiser receives two separate invoices for performance of a foreign entertainer, which means for the performed service of foreign performing musician and for accompanying costs connected with entertainer’s performance (costs for advertising, costs for transport of equipment and providers, costs for hotel services, etc.), the achieved payment shall be deemed the payment for performance of foreign entertainer as well as the payment of all other costs to the provider connected with this person’s performance. [↑](#footnote-ref-7)
8. If for example a Slovene event organiser receives two separate invoices for performance of foreign entertainer, such as for the performed service of foreign performing musician and for accompanying costs, which are connected with entertainer’s performance (costs for advertising, costs of backing band, costs for transport of equipment and providers, costs of hotel services, etc.), the achieved payment shall be deemed the payment for performance of foreign entertainer as well as also the payment of all other costs to the provider, which are connected to this person’s performance. [↑](#footnote-ref-8)
9. From payments for certain types of services the withholding tax is determined in point 6 of paragraph one of Article 70 of ZDDPO-2. [↑](#footnote-ref-9)