



VAT (Value Added Tax) practices in Europe for screenwriters

This draft report is a collection of information provided by the associations and guilds of screenwriters of several European countries, members of the Federation of Screenwriters in Europe.

VAT in Europe: the legal framework

What is VAT (Value Added Tax)?

Here is the definition available on the website of the European Commission:

Value added tax is

- a **general tax** that applies, in principle, to all commercial activities involving the production and distribution of goods and the provision of services.
- a **consumption tax** because it is borne ultimately by the final consumer. It is not a charge on businesses.
- charged as a percentage of price, which means that the actual tax burden is visible at each stage in the production and distribution chain.
- collected **fractionally**, via a system of partial payments whereby taxable persons (i.e., VAT-registered businesses) deduct from the VAT they have collected the amount of tax they have paid to other taxable persons on purchases for their business activities. This mechanism ensures that the tax is **neutral** regardless of how many transactions are involved.
- paid to the revenue authorities by the seller of the goods, who is the "taxable person", but it is actually paid by the buyer to the seller as part of the price. It is thus an indirect tax.

Overview of EU legislation and its application in Member States

The European legislation on VAT currently in force is run since the 1st of January 2007 by [Directive 2006/112/EC](#), called the “VAT Directive”. For those who want to become experts, the European Commission offers a [VAT eLearning course](#).

This Directive forms the basis for national VAT legislation. Though the basic rules are simple (1. *Supplies of goods and services subject to VAT are normally subject to a standard rate of at least 15%; 2. Member States may apply one or two reduced rates of not less than 5% to goods and services enumerated in a restricted list*), needless to say that the implementation of the directive varies considerably between Member States. Some of

them have introduced different rates for certain types of products and separate rules in specific areas. The European Commission provides a list of “[VAT Rates Applied in the Member States of the European Union](#)”.

The situation of writers is a very good example of this disparate situation. In the table “Application of reduced VAT rates by the Member States to the categories of goods and services contained in Annex III of VAT Directive 2006/112/EC, category 9 is for the “**supply of services by writers, composers and performing artists, or of the royalties due to them**”:

BE	BG	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
6	20	10	(ex)	7	20	13	8	5,5	21	(ex)	5	(ex)	21	3	25	18	6	20	8	23	24	8,5	20	(ex)	6	20
21				19						20							19	10		(ex)				9 ⁽¹⁾		
(ex)				(ex)													(ex)									

All amounts are in %

(ex) means exemption

(1) Copyright royalties collected by copyright organisations

As the European Commission mentions, “the most reliable source of information on current VAT rates for a specified product in a particular Member State is that country's VAT authority”. However, to measure what the real practices are for screenwriters, the Federation of Screenwriters in Europe asked its member organisations to share their practical experience.

Links

The website of the European Commission provides an overview of the European legislation:

http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/index_en.htm

The VAT Directive: http://eur-lex.europa.eu/Result.do?T1=V3&T2=2006&T3=112&RechType=RECH_consolidated&Submit=Search

VAT Rates:

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf

List of VAT administration in Member States:

http://ec.europa.eu/taxation_customs/common/links/tax/index_en.htm

Situation in several Member States and Candidate Countries

Country	Situation	Source of information	National administration	VAT in national language
Austria	There is a tax rate of 20% on sale of goods and services, reduced to 10% for screenwriters. If the yearly income is less than 30.000 Euro, the author is exempted from paying taxes. However, usually, when the annual income is higher than 30.000 Euro and when the screenwriter pays taxes, VAT is taken over by the producer. So, in the end, authors do not pay any VAT.	Drehbuchverband Austria : www.drehbuchverband.at	www.bmf.gv.at	Mehrwertsteuer (MwSt)
Belgium	<p>If a screenwriter does not give up any of his rights, the invoice will always specify a 21% VAT rate.</p> <p>If a screenwriter decides to give up his rights:</p> <ul style="list-style-type: none"> ▪ he will enter a contract specifying said rights; ▪ he will enter a contract of employment with the production company employing his services; ▪ In said contract it is mentioned most of the time that 70% of the fee will be paid in wages, 30% will be paid for giving up rights; ▪ Invoices will specify a 6% VAT rate and will include the phrase 'with renunciation of rights'; ▪ Rights will be paid into a private account and date of payment will be different from date of payment on invoice; ▪ At the end of each year a fiscal slip (n°281.45) will be received from the production company specifying the amount of rights paid (fiscal slips 281.10 and 281.50 must not be used as substitutes!). Said amount is taxed at a favourable tax rate. 	<p>ASA - Association des scénaristes de l'audiovisuel : www.associationscenaristes.be</p> <p>Scenaristengilde vzw : www.scenaristengilde.be</p>	<p>Ministry of Finance: www.minfin.fgov.be</p> <p>Federal Public Service Finance: http://fiscus.fgov.be</p>	<p>in French: Taxe sur la Valeur Ajoutée (TVA)</p> <p>in Flemish : Belasting over de Toegevoegde Waarde (BTW)</p>
Bulgaria	Writers are exempted from VAT, unless they work as a company, in which case they have to pay 20% VAT.	BAFTRS, Bulgarian Association of the Film, Theater and Radio Scriptwriters: www.baftrs.com	www.minfin.bg/en/	Danyk Dobavena Ctojnsot (DDS) / Данък добавена стойност (ДДС)

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Finland	Writers are exempted from VAT.	The Finnish Dramatists' Union: www.sunklo.fi	Ministry of Finance: www.vm.fi Tax administration : www.vero.fi	Arvonlisävero (ALV)
France	In general, screenwriters, like most artists (since screenwriting is considered as an artistic work) do not pay VAT.		www.impots.gouv.fr	Taxe sur la Valeur Ajoutée (VAT)
Germany	<p>In most cases, screenwriters in Germany have to add 7% VAT to their invoices. It is a special, reduced VAT rate which applies to anything concerning copyright. The contracts always have to mention "plus VAT".</p> <p>When preparing their return of tax, screenwriters can deduct from the VAT they received, the VAT they had to pay for their professional expenses (like office materials, books, cinema and theatre tickets, travel, etc.). It often turns out that they may keep all of the VAT they received or even get a VAT return from the State.</p> <p>If the yearly income is less than 17.500 Euro, the author is exempted from paying taxes.</p> <p>In specific cases screenwriters pay 19%.</p>	VDD, Verband Deutscher Drehbuchautoren: www.drehbuchautoren.de	National administration: http://www.bundesfinanzministerium.de/n_54/DE/BMF_Startseite/node.html?nn=true	VAT In German: Mehrwertsteuer (MwSt). The term "Umsatzsteuer" is also used (= "purchase tax" or "tax on sales")
Greece	Until recently, Greek screenwriters did not pay VAT. Due to the financial crisis, the Greek government stopped the exemption and screenwriters have to pay 13% VAT, except those who have revenues of maximum 5.000 euros.	Scriptwriters' guild of Greece : http://senariografoi.gr/	www.gsis.gr	Φόρος Προστιθέμενης Αξίας (ΦΠΑ)
Iceland	<i>In Iceland, creative work, such as writing is not subject to VAT. So like other Icelandic writers, Icelandic screenwriters do not pay VAT.</i>	FLH - Félag leikskálda og handritshöfunda: www.leikskald.is		Virðisaukaskattur (VSK, VASK)

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Ireland	<p>Writers who earn more than 35,000 euros per annum must register for VAT. The majority of writers do not regularly earn as much as this from writing and are therefore not registered.</p> <p>There can be a small financial benefit from being registered for VAT. If, as a writer, you are registered for VAT, you charge the person or company for whom you are doing the work VAT in addition to the fee that you expect to be paid. Then you subtract from the total amount of VAT you received, VAT that you paid in doing the work (computer, printing paper, rent for an office, etc). Then you send the net amount to the tax authorities. In this way you have returned to yourself the amount of VAT that you paid on your costs.</p> <p>In practise you may encounter two problems. 1) there is a lot of administration. If you do the administration yourself it takes time; if you pay someone to do it for you, you lose most of the financial benefit. 2) Because the price that you will be paid for writing is not fixed, it happens sometimes that the producer reduces the price in order to keep his/her total cost down (instead of paying €100 plus 21% = €121, the producer pays you only €80 plus 21% VAT = €97.).</p>	Irish Playwrights' and Screenwriters' Guild: http://script.ie	Tax and Customs Administration: www.revenue.ie Department of Finance: www.finance.gov.ie	
Norway	Screenwriters in Norway are exempted from VAT, like their colleagues in other media.	Dramatikerforbundet: www.dramatiker.no	www.regjeringen.no/nb.html?id=4	Merverdiavgift (MVA)
Portugal	Screenwriters do not pay VAT, whatever their income from screenwriting is. They do however have to fill and send the electronic quarterly reports, even if it's with an amount of zero euros.	APAD, Associação Portuguesa de Argumentistas e Dramaturgos : http://argumentistas.org	www.portaldasfinancas.gov.pt	Imposto sobre o Valor Acrescentado (IVA)
Spain	Freelancer screenwriters do not pay VAT. The Spanish VAT law, in point 26 on exemption (Ley 37/1992 art.20-uno-26) says that "the services given by professionals who receive authors rights for their work, such as visual artists, writers, music composers, playwrights, translators, authors of scripts, dialogues, adaptation, etc. are exempted from VAT". However, this exemption is only valid for individuals. If a screenwriter is part of a company his/her work is subject to 18% VAT.	FAGA, Forum de Asociaciones de Guionistas del Audiovisual : www.fagaweb.org ALMA, Asociación Literaria de Medios Audiovisuales	Ministry of Finance: www.meh.es Tax administration : www.aeat.es	Importe sobre el Valor Añadido (IVA)

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Sweden	In Sweden VAT was imposed 10 years ago. We have three levels of VAT in Sweden, 6 , 12 and 25 – and the lowest rate, 6 %, applies to writing – or more specific when you transfer or assign copyright to someone else. Due to EU regulations concerning copyright the states is allowed to use the lowest rate of VAT. In Sweden this also had a positive effect since the writer now is allowed to deduct the VAT on business expenses.	Sveriges Dramatikerförbund: www.dramatiker.se	www.skatteverket.se	Mervärdesskatt (Moms)
Switzerland	Screenwriters don't have to pay VAT. Only producers who make annual profits over CHF 100,000 have to pay VAT.	Scenario: www.realisateurs.ch/fr/scenario-1	www.estv.admin.ch	
The Netherlands	Writers (including scriptwriters for film and TV) don't pay VAT. It's a legal exemption that counts for writers, journalists and composers. There is one condition: the exemption only counts for the creation of new work or adding new material to existing work. When the script is re-used and fully integrated in a production on which VAT is imposed, the exemption does not count. In that case VAT is imposed on the remuneration for using the script (VAT 19 %). In general no distinction is made between writing for film or television.	Netwerk Scenarioschrijvers: www.netwerkscenario.nl	Ministry of Finance: www.rijksoverheid.nl Tax Administration: www.belastingdienst.nl	Belasting over de toegevoegde waarde (BTW)
Turkey	Writers are exempted from paying VAT as all creative rights owners. Only the producers pay a "withholding tax", but screenwriters do not.	SENDER: www.senaryo.org.tr	General Directorate of Revenues: www.gib.gov.tr Ministry of Finance: www.maliye.gov.tr	Katma değer vergisi (KDV)

Country	Situation	Source of information	National administration	VAT in national language
United-Kingdom	<p>There is no VAT exemption for writers, and their services are subject to VAT at the standard rate of 20%. However small businesses and individuals with an annual turnover below £70,000 (about €83,000) are not obliged to register for VAT and are in effect excluded from the VAT system. Obviously this includes most (but not all) professional writers. In some circumstances it may be advantageous for businesses and individuals with a lower turnover to register, and they can do so if they wish – this would not usually be the case for a writer.</p> <p>Writers who are registered for VAT have to produce invoices itemising the tax element in addition to their normal fees. When they buy goods and services in connection with their business they pay VAT but are entitled to reclaim the money from the tax authorities. They have to make a return every three months calculating the amount of VAT they have charged on invoices and the amount they are entitled to reclaim, and pay the balance to the tax authority. For a lone writer this is a considerable chore. You can hire an accountant to do it for you, but of course this is expensive.</p> <p>Large commissioners such as broadcasting organisations operate a “self-billing” system in which they produce the invoices themselves and send a copy to the writer along with the payment, saving the writer the task of producing the invoice.</p> <p>Writers who are not registered for VAT simply invoice for their fee without adding VAT and do not have to make any return to the tax authority. But they cannot reclaim the VAT they pay when they buy goods and services for their business.</p> <p>The way the system works means that the writer ends up with the same amount of pay whether or not s/he is included in the VAT system.</p>	<p>WGGB: www.writersguild.org.uk</p>	<p>Revenue & Customs: www.hmrc.gov.uk</p>	