



Media & Entertainment

Foreign Entertainers Coming to the UK

The 1986 Finance Act introduced a Withholding Tax on payments made for a UK appearance of non-resident entertainers or sportsmen and women, and HM Revenue & Customs have a dedicated Tax Office, known as the Foreign Entertainers Unit, responsible for such foreign entertainers coming to work in the UK.

Foreign Entertainers Unit

Although entitled the Foreign Entertainers Unit, this office deals with sportsmen and women such as athletes, golfers, cricketers, etc as well as pop stars, musicians, dancers and actors who appear alone or with others, such as teams, choirs or bands.

A payer in the UK, making a payment to any person which in any way arises directly or indirectly from a UK appearance by a non-resident entertainer or sportsman, must deduct tax at the UK basic rate, currently 20%.

Payments include money including loans and advances. Some examples of payments are shown below:

- film fees
- appearance fees
- box office percentages
- broadcasting and media fees
- tour income
- tournament winning
- inducement fees

This scheme also covers promotional activities, advertising and endorsement of goods and services, including photo-calls, TV or radio interviews or other appearances. It does not have to be in front of an immediate audience and includes work on film, video, radio and live or recorded TV.

Application Process

An arrangement may be made in writing between the Foreign Entertainers Unit, the payer and the entertainer or other recipient, to limit the amount of tax withheld to an amount less than the basic rate of tax. The purpose is to deduct an amount which corresponds as closely as possible to the final tax liability due on the payment.

An application that a payment should be subject to a reduced tax payment must be made in writing. The letter advising the Foreign Entertainment Unit that detailed figures are to follow is considered to constitute an advance notification of an application, but does not constitute the application itself.

The application must be made over 30 days before the payment is due, and the payer and the entertainer or other recipient can make the application either singly or jointly. If an application is not accepted, tax must be withheld at the basic rate on all payments.

The payer or entertainer is required to give the information needed by HM Revenue & Customs to make a decision on whether or not to grant an arrangement. This includes:

- dates of arrival and departure from the UK
- whether the entertainer is likely to return to the UK again before the next 5th April
- a projection of income including dates and venues of work to be undertaken
- an itemised projection of the expenses which will be incurred in connection with the work
- copies of any contracts covering appearances.

Such an application should have sufficient information in support of calculations (including the basis of any estimates) and how expenditure common to several countries has been apportioned.

In reaching a decision, HM Revenue & Customs will make allowances for admissible expenses and what can be allowed depends on the general rules covering expenditure in arriving at taxable business profits and also, the facts of each case. Allowances will be made for

- General subsistence expenses
- Commission, manager's and agent's fees

- UK travelling
- International air fares to and from the UK where the entertainer comes to the UK for the work to be undertaken and returns directly to his or her home country.

Other expenses may be allowable and what is allowable in each individual case will need to be agreed with HM Revenue & Customs, including the proportion of any costs common to more than one country.

Contact

Should you require any assistance or more detailed guidance regarding this scheme, please contact a representative from our Media and Entertainment Sector:

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