

**Dr. Hans Jörg Schelling**  
**Minister of Finance**  
**Austrian Ministry of Finance**  
**Johannesgasse 5**  
**1010 Vienna**  
**Austria**

## VAT on Cinema Tickets in Austria

Brussels, 19 December 2014

Dear Minister,

I am writing to you on behalf of the International Union of Cinemas (“UNIC”), the European trade association for cinema operators. We represent cinemas – of all sizes and locations – and their national federations in 33 countries, with a membership accounting for approximately one quarter of global box office. The Austrian exhibitors’ association *Fachverband der Kino-, Kultur- und Vergnügungsbetriebe* is a member of our association.

In light of recent plans for fiscal reform in Austria and given the essential role that cinema theatres play in supporting Austria’s dynamic and culturally diverse film sector, we wanted to reach out to you and explain our views regarding the proposal to increase the VAT rate on cinema tickets from 10 per cent to 20 per cent. We are deeply concerned by this potential increase as it would severely harm the entire Austrian cinema value chain and limit Austrians’ access to culture. We support all Austrian cinema operators in their joint request to protect the currently reduced VAT rate for cinema tickets.

You will know that around the world, governments and citizens consider cinema theatres to be an essential component of a society’s cultural and creative offer. Cinemas promote cultural diversity and are modern meeting places that help stimulate dialogue on a range of important issues. Cinemas of course also offer a highly enjoyable alternative to our everyday cares and provide local communities with an unparalleled entertainment experience. Few leisure activities beat watching a film together – with your friends or family – on the big screen. Moreover, cinema-going remains one of the most affordable leisure activities in Europe, with relatively stable ticket prices despite the significant investments that exhibitors have made into digitising and upgrading their cinemas in the last decade.

At the same time, cinemas make important economic and social contribution. They contribute to a country’s GDP, create local jobs – especially for younger generations – and are essential to the development of the film and creative industries. The latter are increasingly important to a country’s image abroad and help attract investment and talents.

In Europe, cinema exhibition in 2013 accounted for € 7,4 billion box office revenues. Research furthermore shows that each € spent on a cinema ticket has above-the-average multiplier effects on neighbouring economic activities, creating jobs in the gastronomy sector, in retail and in many further sectors.

Because of these diverse social, cultural and economic contributions many countries around the world and in particular in the European Union apply a reduced VAT rate on the sale of cinema tickets. We have for your information attached to this letter a table that lists a sample of other European countries that apply a reduced VAT-rate on cinema tickets: Belgium, Croatia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Slovenia and Sweden. These are by some way in the majority amongst UNIC's member countries in the European Union.

A reduced VAT rate for cinema tickets makes cinema-going more affordable to all citizens, no matter their level of income. Higher levels of cinema-going in turn translate into higher state revenues - a mutually beneficial outcome for audiences, cinema operators and government authorities.

Your government is currently looking to increase the VAT-rate on cinema tickets from 10 per cent to 20 per cent. By our estimations this potential rise would increase the costs per ticket by 80 CENT as cinema owners already contribute entertainment tax to their local communities in most federal states of your country as well as a music levy to the Austrian Association of Authors, Composers and Publishers ("AKM"). The increase would disproportionately affect low-income households and could reduce cinema-going in Austria significantly. There is a real risk that especially younger generations will turn their back to the social cinema-going experience and resort to watching films by themselves and in the home, possibly further increasing the already dangerous levels of piracy that exist in Austria. The economic foundations of cinema operators across Austria would therefore be severely put under pressure.

In light of these developments, UNIC would encourage a dialogue amongst the various stakeholders involved and government decision makers regarding the multiple benefits that protecting the currently reduced VAT rate for cinema tickets could have on cinema-going.

I remain at your disposal for any questions and comments that you may have.

With kind regards,



**Jan Runge**  
**Chief Executive**  
**Union Internationale des Cinémas (UNIC)**

## OVERVIEW OF KEY UNIC TERRITORIES – SEPTEMBER 2014

Country	VAT rate on cinema tickets	'Standard' VAT rate
Austria	10%	20%
Belgium	6%	21%
Croatia	5%	25%
Finland	10%	24%
France	5.5%	20%
Germany	7%	19%
Greece	9%	23%
Ireland	9%	23%
Italy	10%	22%
Luxembourg	3%	15%
Netherlands	6%	21%
Norway	8%	25%
Russia	0%	18%
Serbia	10%	20%
Slovenia	8.5%	20%
Sweden	6%	25%
Switzerland	2.5%	8%
Turkey	8%	18%