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Centre national  
de la musique



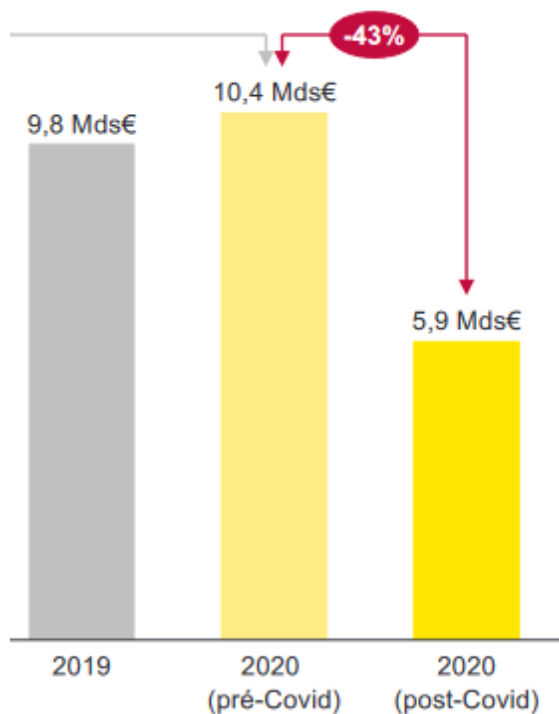
**The tax on musical  
entertainment shows and non-  
classical concerts.**

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# Introduction

## The French music industry: some figures

Source : EY study for « Tous pour la musique », June 2020



- Gross revenue for the sector (see chart)
- In 2018, the music industry employed **257,000 people**, making it the second most important cultural industry in France in terms of employment.
- On average each year, **65,000 performances of non-classical music** are attended by nearly **20 million people**

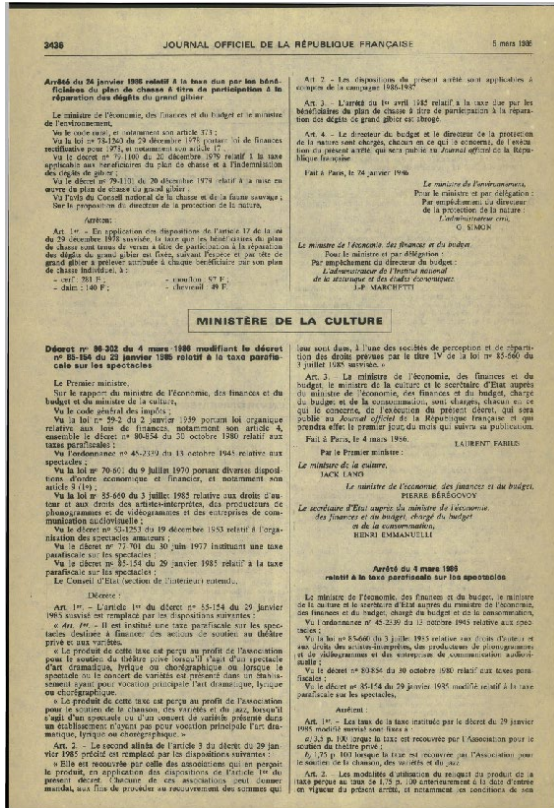
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# 01 .

The history behind the  
tax



# From a private, mutualised tax...



- In **1986**, responsibility for administration of the **parafiscal tax** on shows was given to the **ASCVJ**, an association led by private concert producers/promoters in support of music in the fields of song ("chanson"), musical entertainment and jazz. It **started at a rate of 1.75%**, and was later increased to the **current rate of 3.5%** ;
- Replicating a mechanism that already existed for theatre, it was introduced as **a way of mutualising revenue**, to finance **new talent** and **diversity** in these industries. It was concurrent with the introduction by the culture ministry of **a reduced VAT rate of 5.5%** for live shows (and 2.10% for the first 140 first presentations of a show).
- Inspired by a similar mechanism employed by the CNC, the French national centre for cinema, it established a process of **'drawing rights'**, through which **65% of the revenue collected is automatically reallocated** to the taxpayer in the 3 years following the payment of the tax.

## ... to a public tax on the live industry...

- In 2003, the parafiscal tax was turned into a **fiscal tax**, and **re-allocated** to a public organisation created by law in 2002 to replace the ASCVJ: the **Centre National de la chanson, des variétés et du jazz (CNV)**.
- Placed under the supervision of the French culture ministry, this public industrial and commercial institution was **still largely administered by the private sector**.
- In addition to its role in **collecting and redistributing the tax through the 'drawing right' mechanism (65%)**, the institution's mission was to support the 'chanson', musical entertainment and jazz sectors through the **allocation of financial aid (35%)**,



## ... to a key mechanism for the whole music sector (CNM)

- Created in **January 2020**, having been legally established in October 2019, **the CNM is the first ever French public establishment that supports the whole music sector.**
  - **The successor to the CNV**, its creation was completed in November 2020 by the **merger** with the FCM, Le Bureau Export (the export office), IRMA and CALIF ;
  - Its missions in support of the sector, as defined by law, are spread across **12 fields**: knowledge, diversity, equality between women and men, artistic creation, musical heritage, innovation, territorial (i.e. regional etc.) development, international development, information, training, sustainable development, and artistic and cultural education
- The CNM's programs are based on **3 main sources of financing** :
  - 1) The collection of the **fiscal tax on musical entertainment shows** → **24M in 2022**
  - 2) The contribution from the **collective management organisations (OGC)** → **3M**
  - 3) **Public subsidies** → **26,5M in 2022**



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# 02.

## The tax mechanism



## 1. Methods and scope

Established on 1<sup>st</sup> January 2002, it is voted on annually as part of the finance law. The collection of the tax on live performances is carried out through a collaborative process of monitoring and following-up, which has led to achieving the kinds of results seen in recent years, with a collection of €36 million in 2019. Any organiser of a musical entertainment show, whether public or private, nonprofit or commercial, whether they hold a license for an entertainment business or not, is liable for the tax.

### Modalities

**Rate of 3.5% on the total gross ticketing revenue (tax owed by the organiser) or on the net sale price for free events (tax owed by the seller).**

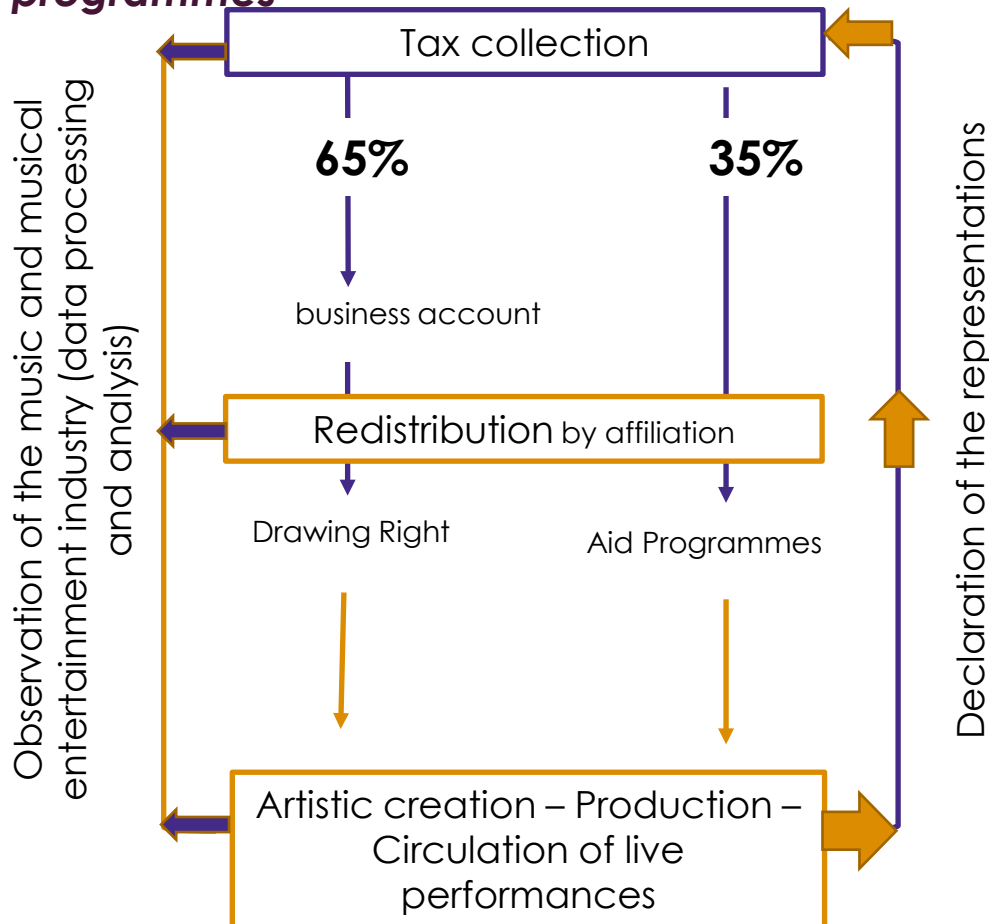
- Three months from the session date to file the declaration.
- Payment deadline of 30 days from the end of the month to settle the tax.
- Registered mail with return receipt requested for declaration omissions (possibility of automatic taxation).
- Exemption for educational/school sessions and for traditional music without copyright.
- The tax is not collected if the total is less than €80 per calendar year of invoicing.
- Settling the tax results in crediting the entrepreneur's account with 65% of the net payment of management fees.

### Scope

The tax service verifies the dates of concerts that are within the **scope of the tax: chanson, rock, jazz, rap, electronic, world music, comedy, musical theater, visual attractions, dance shows, ice shows, aquatic shows, magic shows, cabaret and other musical genres.**

## 2. The virtuous circle of the tax

**A solidarity principle with a redistribution system through the ‘drawing right’ and aid programmes**



- **Drawing Right:** 65% of the tax can be transferred **automatically** to the **business’s account** based on the following eligibility criteria: *Having at least €750 in the account - Providing evidence of ongoing activity - Being affiliated - Being up to date with tax obligations - Being up to date with intellectual property rights (SACEM and SACD).*
  - **The account holder can exercise its rights to retrieve the amount collected for 3 years.**
- **Aid programs:** The remaining 35% are distributed through **selective aid programs** to support the different music sectors in their specific and cross-sector issues:
  - **Live industry:** aid for the *creation, equipping & promotion of venues; creation, production & circulation of live performances ; aid for festivals*
  - **Cross-sector programs :** gender equality, ecological transition, innovation, international development

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**cnm**