



Union Internationale des Cinémas  
International Union of Cinemas

**Zdravko Maric, Minister of Finance of Croatia**

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Brussels, 7 November 2016

Dear Minister Marić,

**VAT on Cinema Tickets in Croatia**

I am writing to you on behalf of the International Union of Cinemas (“UNIC”), the European trade association for cinema operators. We represent cinemas and their national associations in 36 European territories, with a membership accounting for approximately one quarter of global box office. The Cineplexx group of cinemas, which also operates in Croatia, is a direct member of UNIC. We are also in contact with the arthouse network of Croatian cinemas.

**In light of recent proposals to increase the VAT on cinema tickets from five to 13 per cent, we would like to express our sincere concerns regarding such ill-advised plan, which – if implemented – could have devastating impacts on the still developing Croatian film and cinema industry.**

You will know that around the world governments and citizens consider cinemas to be an essential component of a country’s cultural offer. Cinemas promote cultural diversity and are meeting places that help stimulate dialogue on a range of important issues. Cinemas 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 on the big screen.

At the same time, cinemas make important economic and social contributions. They contribute to a country’s GDP, facilitate urban regeneration by attracting small businesses, new inhabitants and create jobs – especially for younger generations. Moreover, they 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 2015, the 36 territories represented by UNIC accounted for 1.26 billion admissions and € 8.8 billion box office revenues. Research furthermore shows that each € spent on a cinema ticket has above-the-average multiplier effects on neighbouring economic activities, including the restaurant and retail sectors.

Because of these diverse contributions many countries around the world and in particular in the European Union apply a reduced VAT rate on the sale of cinema tickets. In the EU, Council Directive 2006/112/EC of 28 November 2006 on the common system of VAT (Article 98 points (1) and (2)) enables each country to promote cinema exhibition by applying a reduced VAT rate.

**We have for your information attached to this letter a table that lists a sample of countries that apply a reduced VAT-rate on cinema tickets: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Russia, Serbia, Slovenia, Switzerland and Turkey. These are by some way the majority of UNIC member countries.**

**This practice makes cinema-going more affordable to all citizens and promotes culture and the creative industries. Higher levels of cinema-going translate into higher state revenues – a mutually beneficial outcome for audiences, cinema operators and government authorities.**

**The VAT rate on cinema tickets in the Republic of Croatia was set at 5% following Croatia's joining of the European Union and has since then not been increased. On behalf of our members and with a view to continue to promote Croatia's currently developing cinema industry, we strongly recommend to not further increase the current level of VAT.**

UNIC would therefore encourage a dialogue amongst local cinema stakeholders and government decision makers regarding the currently discussed VAT reform.

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

With kind regards,



**Jan Runge**  
**CEO**  
**Union Internationale des Cinémas (UNIC)**

CC:

Office of Martina Dalic, Deputy Prime Minister of Croatia  
Office of Nina Obuljen-Korzinek, Minister of Culture

**OVERVIEW OF KEY UNIC TERRITORIES – NOVEMBER 2016**

<b>Country</b>	<b>VAT rate on cinema tickets</b>	<b>'Standard' VAT rate</b>
<b>Austria</b>	13%	20%
<b>Belgium</b>	6%	21%
<b>Croatia</b>	5%	25%
<b>Finland</b>	10%	24%
<b>France</b>	5.5%	20%
<b>Germany</b>	7%	19%
<b>Greece</b>	9%	23%
<b>Ireland</b>	9%	23%
<b>Italy</b>	10%	22%
<b>Luxembourg</b>	3%	15%
<b>Netherlands</b>	6%	21%
<b>Norway</b>	8%	25%
<b>Russia</b>	0%	18%
<b>Serbia</b>	10%	20%
<b>Slovenia</b>	8.5%	20%
<b>Switzerland</b>	2.5%	8%
<b>Turkey</b>	8%	18%