

UNIC EXPRESSES DEEP CONCERN ABOUT PROPOSED VAT INCREASE ON CINEMA TICKETS IN SPAIN; FEARS FOR THE FUTURE OF SPANISH CINEMAS

Brussels, Belgium: 26 July 2012: UNIC, the International Union of Cinemas, has today expressed its deep concern about the recent decision of the Spanish Government to more than double VAT on cinema tickets from 8 to 21 per cent.

In a letter to the Spanish Minister for Culture, José Ignacio Wert Ortega, UNIC Chief Executive Jan Runge has made clear that most cinemas will not be able to absorb the planned increase, which will cause irreparable harm to the sector, with some estimates predicting the loss of near to 1000 screens and more than 2000 jobs, as well as the immediate freeze of investments with a considerable impact in terms of quality of the Spanish cinema-going experience. The move would leave Spain as the only country in the Eurozone without reduced VAT on cinema tickets.

Ad J. Weststrate, President of UNIC, commented on the decision:

“If implemented, this will have dramatic consequences on the Spanish exhibition sector, which is already struggling to cope with the huge investments required by the digital transition, and facing a continuous decrease in attendance over the last 8 years (with a 12 per cent drop since the beginning of 2011 alone).

While UNIC of course understands the financial difficulties that Spain faces, hitting a key driver of the local economy in this way seems to us both counter-productive and short-sighted in that it will inevitably deprive Spain of many much needed jobs and help to destroy the Spanish film industry, while at the same time depriving Spanish citizens of a unique cultural and creative resource.”

Jan Runge added:

“This decision comes as all the more of a shock in that previous experiences of raising VAT on cinema tickets have proven devastating to the cinema sector in other countries.”

In Portugal, where VAT was increased on cinema tickets from 6 per cent to 13 per cent in January 2012, the consequence was a 17 per cent drop in attendance. Similarly in Latvia in 2009, a VAT increase from 8 per cent to 21 per cent led to a 20 per cent market recession. Given these impacts, in both cases the state’s overall tax income from cinema exhibition decreased rather than grew after the VAT increase.

UNIC urges the Spanish Government to reconsider its decision, and has offered its help in providing more evidence-based data on the disastrous effects that a VAT raise would have on Spanish cinemas.

Press Enquiries

Please contact UNIC at the address below.

UNIC

The Union Internationale des Cinémas/ International Union of Cinemas (UNIC) is an international association representing the interests of cinema exhibitors in the EU, Russia, Turkey and Israel. The organisation promotes the social, cultural and economic value of cinemas in Europe and internationally. More information can be found at: www.unic-cinemas.org .