



5th March 2015

Orchestra tax relief consultation

About UK Music

1. UK Music is the umbrella body representing the collective interests of the UK's commercial music industry, from songwriters and composers to artists and musicians, studio producers, music managers, music publishers, major and independent record labels, music licensing companies and the live music sector.
2. UK Music exists to represent the UK's commercial music sector, to drive economic growth and promote the benefits of music to British society. The members of UK Music are listed in an annex.

General

3. UK Music welcomes the announcement in the Autumn Statement 2014 that the Government would extend its creative sector tax reliefs to orchestral performances.
4. Whilst welcoming this announcement UK Music seeks to avoid a distortion for music with regard to creative sector tax reliefs.
5. The music industry, which contributes £3.8 billion to the UK economy, forms a creative ecosystem within the wider creative and cultural industries. The Government's record in extending tax incentives to sectors such as video games, film and theatre, yet not to music, has the effect of increasing the capacity of those sectors at a competitive advantage relative to music products and services.
6. As much as the music industry welcomes the extension of support to the wider creative industries, particularly given the mutual dependencies and complementarities between different parts of the creative ecosystems, we do not welcome tax distortions that could undermine the competitive position of music.

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7. The Government’s appetite for extending creative sector tax reliefs to orchestras strengthens the case for wider support to parts of the music industry where this type of support is most needed. We acknowledge this consultation is not asking specific questions on wider music industry tax reliefs though note the recommendation in the recently launched *UK Music Manifesto 2015* that the next Government –

“Achieve tax breaks for the music industry, putting the sector on a level playing field with other parts of the creative sector and look positively at compelling evidence from the industry which demonstrates how such incentives will benefit overall growth in the UK economy.”¹

8. UK Music continues to develop the case for fiscal incentives to the music industry. We are engaged in the consideration of different mechanisms, definitions and impacts for such incentives. We would welcome a discussion with Government on our ideas and evidence base as it continues to develop.
9. In responding to this consultation on orchestras tax reliefs, UK Music focuses on the specific questions we are best placed to answer on the basis of our experience and knowledge, and that of our members.

Chapter 3: Principles and criteria

- 10.

Question 1

Do you agree with the proposed criteria for assessing the options to provide support to the orchestral sector? Please provide any comments as appropriate

The Government’s criteria to evaluate proposals to support orchestras tax reliefs is to ensure it is effective, affordable, simple and straightforward to administer, sustainable, not open to abuse and compliant with EU law.

UK Music supports this proposed criteria and that it should be configured in such a way to guarantee maximum take up from those eligible. In particular we note the need for schemes to be simple and straightforward.

According to Creative and Cultural Skills 92% of music companies employ no more than 10 people. Access to finance is as key an issue for music companies as it is for other small and medium sized enterprises. UK Music research has highlighted that the level of awareness of finance and fiscal incentive schemes is low. We have addressed this via the development of an access to finance

¹ [http://www.ukmusic.org/assets/general/Manifesto_V16 - Low_res_FINAL_version.pdf](http://www.ukmusic.org/assets/general/Manifesto_V16_-_Low_res_FINAL_version.pdf)

section on our website.² Presenting schemes in a simple and straightforward way encourages greater awareness, confidence and take up from music businesses.

We have recently raised with Government problems for certain music companies in accessing finance under SEIS/EIS schemes.³ We want to avoid a similar situation arising with the orchestras tax relief and trust that the criteria is suitable to prevent this.

Chapter 4: Definitions and design

11.

Question 2

Would adopting the definition outlined above be an effective way of meeting the government's objectives as set out in Chapter 1?

The objective of the tax relief is to support orchestras so they can continue to perform for a wide range of audiences. We believe that the proposed definition may need to be amended to meet this objective.

In particular, the requirement to provide players from all four sections is unnecessarily prohibitive for some orchestral performances of certain repertoire and consideration should be given to reducing this number. Similarly there is a strong argument for reducing the number of eligible performers from 14 to 12 to maximise the number of potential orchestral performances. We do not foresee that such changes would undermine the criteria for the relief or lead to its benefits being abused.

12.

Question 3

If the government were to adopt the above definition, what combination of instruments should be specified for inclusion? Please provide information on instruments that are generally used in the majority of performances.

Due to the sheer diversity of potential orchestral performances, which range from historical to contemporary repertoire and the use of traditional or indigenous world instrumentation, we would advise against specifically requiring (or excluding) certain instrumentation within the definition. We argue the need to

² <http://www.ukmusic.org/policy/finance/>

³ http://www.ukmusic.org/assets/general/UK_Music_HMT_HMRC_September_2014.pdf

future proof the proposed tax relief at this point and enable it to be nimble to adapt to changes in taste and the development of the orchestral art form.

13.

Question 4

Is there an alternative definition of an ‘orchestral performance’ that would more accurately reflect the full range of activity done by orchestras? If so, please provide details

UK Music does not propose an alternative definition of “orchestral performance” though encourages Government to consider the work we have undertaken in the last few years to define the core commercial music industry.⁴

14.

Question 5

Is the exclusion of certain genres of music the most appropriate way to ensure that the relief targets orchestras effectively? If not, what solutions do you propose to exclude non-orchestral performances from the relief?

We do not support the proposal to exclude certain genres of music. To do so would limit the ability of the relief to attract new audiences who would not otherwise listen to an orchestra. The performance of film or television scores or orchestral versions of popular music is something that should be encouraged to meet the policy objective.

There are musicians and groups, such as These New Puritans, Tindersticks, Bjork and John Grant, that may be defined as rock and pop, yet orchestral performance has been integral to their live performances. We would regret if the orchestras which support such performances would not be able to benefit from the tax relief.

We recognise the desire to prevent the relief being abused by those who the measure is not intended to benefit but do not believe the solution to this is to create legislative precedents for certain musical genres. We note that past experience of attempting to define musical genres in legislation can be fraught with difficulty, or even ridicule and satire.⁵

⁴ http://www.ukmusic.org/assets/general/UK_MUSIC_Methodology.pdf and http://www.ukmusic.org/assets/general/UK_Music_response_to_Classifying_Measuring_the_Creative_Industries.pdf

⁵ <http://www.economist.com/news/britain/21583672-rave-music-backbut-underground-has-gone-mainstream-repetitive-beats>

Any attempt to define what “rock and pop” is in legislation, including under a defined exclusion, should have the involvement of the commercial music industry so as to avoid unwelcome consequences, intended or otherwise. We look forward to the Government working with us on this if the policy decision is to proceed with an exclusion for “rock and pop” or other genres.

15.

Question 8

Which costs are integral to the creative process itself and should therefore be eligible for relief? Please explain your choices.

UK Music agrees with the outlined examples of qualifying “core” expenditure in the consultation. Performers are integral to the creative process and so player and artist fees should be eligible for relief. UK Music’s work on defining the core music industry highlighted that the economic contribution of musicians and composers in the UK is £1.7 billion. This is the largest single contribution of all thematic groups that make up the music industry.⁶ We strongly welcome policies that would enable this figure to grow further.

Similarly, the decision to include hire or commissioning of musical scores is to be welcomed. Ensuring that this is a qualifying “core” expenditure is very important to composers and music publishers who provide a vital role to orchestras. Notably, our report *Measuring Music* highlights music publishing’s value in exports, which amounted to £562 million in 2013. The UK music industry benefits from the creation of new works. A specific measure that targets relief at new scores would be at the heart of the creative process and so is to be encouraged.

⁶ http://www.ukmusic.org/assets/general/UK_MUSIC_Measuring_Music_September_2014.pdf

Annex

UK Music's membership comprises of:-

- AIM – Association of Independent Music - representing over 850 small and medium sized independent music companies
- BASCA - British Academy of Songwriters, Composers and Authors – BASCA is the professional association for music writers and exists to support and protect the artistic, professional, commercial and copyright interests of songwriters, lyricists and composers of all genres of music and to celebrate and encourage excellence in British music writing
- BPI - the trade body of the recorded music industry representing 3 major record labels and over 300 independent record labels.
- FAC – The Featured Artists Coalition – the voice of the featured artists.
- MMF - Music Managers Forum - representing 425 managers throughout the music Industry
- MPG - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music – including producers, engineers, mixers, re-mixers, programmers and mastering engineers
- MPA - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues across all genres of music
- Musicians' Union representing 30,000 musicians
- PPL is the music licensing company which works on behalf of over 90,000 record companies and performers to license recorded music played in public (at pubs, nightclubs, restaurants, shops, offices and many other business types) and broadcast (TV and radio) in the UK.
- *PRS for Music* is responsible for the collective licensing of rights in the musical works of 100,000 composers, songwriters and publishers and an international repertoire of 10 million songs
- UK Live Music Group, representing the main trade associations and representative bodies of the live music sector

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