Music Tax Credits and Incentives

A Tool for Supporting Territories

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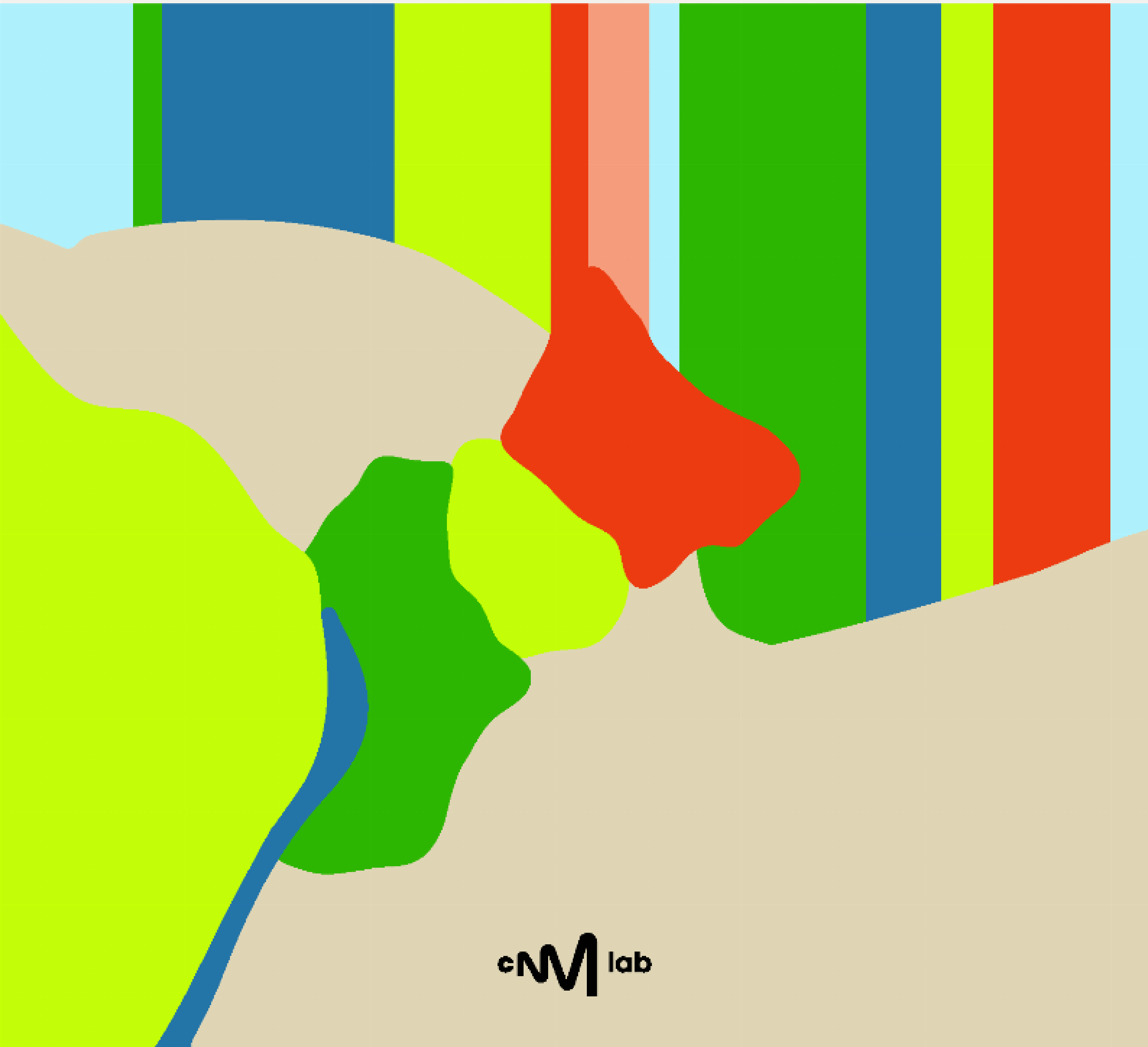

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Introduction

The connection between taxation, culture, and territory is little understood and rarely addressed in the literature on cultural policy.[1] Yet one of the most emblematic successes in local cultural development, the Hollywood industry, is precisely based on this link. Indeed, the consolidation and success of this industry is largely due to California's favorable taxation, even though, at the time of its emergence, it did not specifically target the audiovisual sector.[2]

In many countries, arts and culture benefit from adapted tax measures designed to encourage funding, stimulate creation, or preserve heritage.[3] Often, these tax measures are part of a broader cultural support policy, for instance through dedicated taxes funding grant or support programs, tax incentives for third parties in the form of patronage, or exemptions and reductions for specific activities.

Tax credits have become common tools to support culture in a given territory, particularly in the audiovisual sector and increasingly in music. They consist of reimbursing a percentage of production expenses, either as a credit that can reduce the production's tax obligations or as a cash credit. These mechanisms aim to stimulate activity in a given sector; they are thus found in many cultural domains, as well as outside the cultural orbit, in areas such as research, innovation, tourism, or the environment.

They play an increasingly important role today, being perceived as more effective than direct subsidies or, at minimum, as complementary to them. Tax credits differ from subsidies or sponsorship in that they appear more horizontal, predictable, and generally extend beyond the non-commercial sector, multiplying their impact on territories. This article aims not only to address how tax credits are designed differently according to places and sectors but also to explore the opportunities for developing a more ecosystemic vision for the music sector.

1. Characteristics of Music Tax Credits

Most programs, in France and abroad, are based on a model reimbursing a percentage of music production costs incurred. In theory, tax credits primarily aim to encourage projects that would not have taken place without this support. This is the additionality principle: the tax credit should generate extra activity, either in quantity (more projects), quality (more ambitious projects), or location (projects carried out in a given territory thanks to the incentive). In practice, however, tax credits also support projects that might have occurred anyway, especially in highly dynamic or internationalized sectors (such as audiovisual, video games, or music), where producers know how to optimize fiscal measures. This is known as the windfall effect.[4]

As we will see, one of the main factors distinguishing tax credits is their focus on local productions, foreign productions, or a mix of both. Other key factors to consider include:

- the type of music production (e.g. live performance, recorded works)[5]
- the types of eligible expenses (e.g. development, composition, production, post-production [mixing, mastering], video recording)[6] ;
- the percentage of expenses covered (between 15 and 30%, or even 40% in specific cases)
- in some cases, restrictions regarding the type of content produced.[7]

These tax mechanisms reflect an evolution in the philosophy of public cultural support, particularly in France, where the selective principle based on excellence long prevailed.[8] Many subsidies have historically been awarded by committees representing the sector[9]. They aim to prioritize innovative artistic projects beyond their potential profitability, and they are also seen as tools for professionalizing the sector.

However, this form of support has been the subject of some controversy, despite widespread recognition of its importance. The selective nature of direct funding favors an artistic "quality" socially constructed by professional groups within French cultural circles, whose legitimacy is regularly challenged. Moreover, these subsidies themselves are funded by contributions from other links in the value chain (taxes on streaming services, ticket sales taxes, etc.), fueling criticism. Tax credits, by contrast, appear to refocus funding on producers rather than creators, as they aim to encourage investments that would not have occurred otherwise and to reduce their tax burden. They are presented as a fiscal shortfall compensated by increased private investment, rather than as a "cost" to public finances. At the same time, they are seen as more horizontal, since they are granted based on economic rather than aesthetic principles. In this sense, they have the dual advantage of avoiding cultural elitism and generating investment in a given territory, and are encouraged for this reason.

2. Between Local Support and Territorial Competition

In the United States and Canada, the first discussions about music tax credits date back to the late 2000s and focused more on live performance than on recorded music production, at the local rather than national level. Chicago and Toronto have long competed to secure the exclusivity of certain live performance productions.[10] In the early 2010s, Illinois introduced a tax credit, offering up to $2 million in rebates, to attract Broadway shows and counter competition from Toronto. Leading Toronto show producers then collaborated with unions, the tourism industry, and professional associations to lobby for similar tax credits at the provincial and federal levels. This case illustrates how **music tax credits can be used as a strategic tool to enhance regional competitiveness and underscores the economic potential of music for local communities.**[11] Federal systems, such as those in the United States and Canada, are particularly prone to developing tax incentives due to their decentralized governance structures, which encourage competition and, supposedly, innovation.[12]

The audiovisual sector has long paved the way for this kind of competition through tax credits. Starting in the 1970s, in Germany, Ireland, and later in certain Canadian provinces and U.S. states, programs were established to attract incoming film productions, using taxation as the main lever.[13] By the late 1980s, many U.S. states, such as North Carolina and Texas, had established film commissions tasked with attracting filmmakers through in-kind support (location scouting, public relations services, free use of public facilities) and tax exemptions.[14] In 1992, Louisiana became the first state to offer refundable tax credits for production expenses. This model later became widespread, replacing tax credits aimed at third-party or transferable investors, which were closer to patronage schemes. While in 2000 only six states offered tax incentives for film and video production, by 2010 all but six had adopted them.[15] Major film production companies such as Warner Bros, Universal, Paramount, and Disney gradually established dedicated departments responsible for determining where productions would take place, based on the available tax incentives. This led to intense competition within the United States itself, which later spread to the rest of the world.

Building on the results already achieved in the audiovisual sector—particularly in attracting foreign productions—the United Kingdom introduced a tax relief mechanism for live performances in 2014.[16] Thus, unlike in France, many music-related tax credits operate without discrimination and without regard to content, including language. This is the case in Quebec, which is normally very protectionist in linguistic matters but, in the case of its live performance tax credit, requires only the participation of a local company.

The Case of Iceland

As in the film industry, contemporary music production is highly mobile: films, songs, and albums can now be created and post-produced virtually anywhere, with high-quality studios available in many countries. For this reason, all music productions are potential "runaway productions," making them attractive targets for tax credits designed to stimulate a place's economic activity. Although music productions do not involve sums as large as those in cinema, their cumulative impact is nonetheless significant—not to mention their influence on a territory's image—thus justifying an incentive-based approach to amplify these benefits.[17]

Since 2019, the *Record in Iceland* program has offered a direct reimbursement of 25% of the expenses incurred for recording music on the island.[18] *Record in Iceland* is probably the program most directly tied to territorial attractiveness objectives. It reflects the broader Icelandic economy, which relies heavily on imported goods. The program aims primarily to attract international phonographic production projects—from a single song to a full album. Furthermore, it was decided not to impose any prior approval procedures or minimum budget requirements for recording initiatives, in order to make the process smoother and more appealing to international producers.[19] Moreover, the Icelandic program differs from most tax credits in that the reimbursement is made directly by the government, without even going through the tax authority. Producers simply need to declare their expenses to receive direct reimbursement, with no administrative burden beyond submitting receipts.

The program relies largely on the international reputation of Icelandic studios, arrangers, producers, and sound engineers. It also builds on the idea that the experience of foreign artists is enhanced by the beauty of Icelandic landscapes. Indeed, the program is promoted based on the argument: “Music is always a product of its environment.”[20] The program manager specifically cites the success of artists known for their unique Icelandic identity, such as Björk, Sigur Rós, and Of Monsters and Men, highlighting their connection to the island’s natural and social environment. In this sense, the program aims to promote Iceland’s image while generating economic benefits, rather than directly supporting local production. However, indirectly, these foreign productions help develop local skills in recording, arranging, and sound engineering, whose expertise can later benefit local creation. Additionally, other programs exist to support local music creation and production.[21]

Record in Iceland follows in the footsteps of the *Film in Iceland* program, which is also based on the uniqueness of the island’s landscapes. The latter has successfully attracted productions such as *Interstellar*, *Game of Thrones*, and *The Northman*. In addition to fostering a new economy, *Film in Iceland* is said to have brought Iceland the skills and infrastructure needed to host high-level international productions, which it lacked previously. A side effect is that Iceland has become a more attractive destination for travelers: seeing images of Iceland in a film or series inspires them to visit the country.[22] The primary objective of the music production initiative is to achieve the same results, although music videos are not included in the program.

Some artists take advantage of performing in Iceland—for example at the Iceland Airwaves festival—to extend their stay and record music, before applying for reimbursement through *Record in Iceland*.[23] The fact that travel and accommodation expenses can be included in the budget further enhances the appeal of this program. In this sense, it is a particularly administratively agile program, attractive to foreign productions, and clearly tied to the uniqueness of the territory, especially its natural features. While it benefits local studios and generates some indirect economic impact, it is more about leveraging the pre-existing image and landscapes than supporting new cultural initiatives. A genuine territorial music policy therefore requires additional programs to support local production, as we will see in the final section.

The case of France

According to available data, France appears to be a pioneer in implementing tax credits for the music sector, even though it was relatively late in adopting them in the audiovisual field. The introduction of the first music tax credit in France dates back to 2006, two years after the one established for cinema. This was the Tax Credit for Phonographic Production (CIPP), designed to support record labels based in France.[24] Indeed, in light of the depth of the record industry crisis at the time, selective, grant-based measures—the hallmark of French cultural policy until then—no longer seemed sufficient. The tax credit, by contrast, had the advantage of being less discriminatory and of supporting the sector in all its diversity, from multinational companies to associations and independent labels. In addition to supporting various business models, the program aimed to include all musical genres and thus level the playing field in areas that generally depend on direct funding, such as classical, contemporary, operatic, and jazz music.

In line with the film tax credit system, the CIPP covers a crucial part of the value chain—that is, the expenses related to the development, production, and/or post-production of a record and/or a music video.[25] Its reimbursement rate is 20% of eligible expenses, but it rises to 40% for very small and small-to-medium-sized production enterprises (VSEs and SMEs)—rates aligned with the highest international standards for support to the audiovisual industry, as seen in the United Kingdom, New Zealand, Spain, Japan, India, Saudi Arabia, and others.[26] Eligible development expenses under the CIPP are capped at €700,000 per recording and cannot exceed €1.5 million per company. However, this mechanism applies only to French production companies.[27]

The tax credit model was extended to live performance production (Crédit d'impôt pour le spectacle vivant: CISV) in 2016, and then to publishing in 2022.[28] The case of live performance is particularly interesting, as it also reflects a moment of crisis in the sector while addressing deeper issues related to the financing of shows. In fact, the CISV was created following the 2015 terrorist attack at the Bataclan. This event profoundly affected the sector—not only emotionally, but also economically—due to the decline in audience attendance and the rise in security costs.

Like the CIPP, the CISV covers the development and production expenses of live musical performances (salaries, fees, authors' rights, taxes and collective management organizations, venue and equipment rentals, accommodation, catering, transport, equipment maintenance, and promotion), as well as their recording or digitization. Its rates, however, are lower: 15% of total eligible expenses (30% for VSEs and SMEs). Eligible expenses are capped at €500,000 per show. The tax credit granted is limited to €750,000 per company, and audience-size limits are imposed depending on the musical genre.

Unlike other tax credits around the world, which mainly focus on supporting foreign production companies, the CIPP and CISV support only companies based in France[29] with a specific focus on artistic emergence and the promotion of the French language. This can be explained by their connection to the Ministry of Culture, for which this type of fiscal mechanism must serve a mission of public interest—here, one rooted in an ideal of cultural diversity embodied by artistic renewal (emergence) and the promotion of the French language (notably in response to the hegemony of English). The Ministry of Culture, for instance, acknowledges that developing new talent is structurally unprofitable, which justifies public intervention to sustain such activity.[30]

These criteria make tax credits tools that serve the distinctly cultural features of a territory: its languages[31] and innovation capacity. The CIPP is indeed open to companies of all sizes, but it only applies to artists who have not exceeded the threshold of 100,000 equivalent sales for two separate albums since the beginning of their career. Moreover, the language criterion is not exclusive, thereby offsetting the bias against musical styles performed in non-local languages, even when the performers are French nationals or based in France.[32]

More broadly, the cultural dimension of tax credits is facilitated by the fact that the Ministry of Culture takes part in their allocation through the Centre national de la musique (CNM), by issuing certifications that attest projects meet the eligibility criteria for these schemes. In other sectors, such as research, tax credits are managed directly by the Ministry of Economy and Finance. This model—where the entities responsible for cultural policy operate as relatively autonomous fiscal intermediaries—is unique in the world.[33] It partly echoes the principle of *cultural exception*, in the sense that it constitutes a specific regime for the cultural sector, designed to protect it from the rules of free trade. It differs from countries—particularly federal ones such as the United States and Canada—where fiscal powers are exercised at the state or provincial level. This has an impact on how tax credits are embedded within the territory. From an accounting perspective, the French mechanisms can be seen as unconventional; from a cultural policy standpoint, however, they can be viewed as a tool that may not be profitable in financial terms, but that supports local ecosystems.[34]

The case of Louisiana

In 2009, to keep helping its cultural industries recover from Hurricane Katrina, Louisiana introduced a tax credit for live performance production expenses and infrastructure development, capped at 10 million dollars per project. In this sense, the tax credit was fully in line with a logic of territorial regeneration. Moreover, it was inspired by a similar program dedicated to the audiovisual industry, created in 1992, whose positive impact on film production revenue and employment had already been demonstrated.[35] At the time, although Louisiana's musical culture was widely recognized, the region lacked a well-established local industry and suffered from its geographic isolation. The introduction of tax incentives helped offset—and to some extent even leverage—that isolation, offering a viable alternative for out-of-state producers while also supporting local productions.

Today, Louisiana offers tax credits for both live performance and sound recording production:[36]

- Louisiana's *Sound Recording Investor Tax Credit* for recorded music covers 18% of eligible expenses for sound recording projects carried out within the state. The program is capped at $2.16 million per year, with individual projects limited to $100,000 annually. Eligible expenditures must amount to at least $25,000 (or $10,000 for Louisiana residents).
- The *Live Performance Production Incentive Program* applies to live shows produced within the state, offering tax credits of 7% for productions costing between $100,000 and $300,000; 14% for those between $300,000 and $1,000,000; and 18% for budgets above that threshold. The program is capped at $10 million per year, with 50% reserved for non-profit organizations. Individual projects are limited to $1 million annually.

Local cultural heritage is a central argument in Louisiana Entertainment's strategy: "Known as the birthplace of jazz and home to countless Grammy Award–winning artists, Louisiana's renowned creative culture has produced legendary performers across all genres for generations [...]"[37] This kind of storytelling around musical heritage contrasts with the French approach and more closely resembles the Icelandic case. Louisiana Entertainment also lists available studios, concert venues, and qualified personnel, ready to assist outside producers. Tax incentives thus serve both to promote and support local musical culture and industry—while that very culture, in turn, promotes the incentives themselves.

Louisiana provides a notable example of a hybrid model combining the previously discussed logics, in which both foreign and local productions are encouraged, though under different rates and conditions. For instance, the live performance tax credit allows an additional 7% deduction for wages paid to Louisiana residents, while the sound recording tax credit sets a lower minimum spending threshold for local producers. In this sense, the tax incentive system integrates both attraction and local support within its very design.

Moreover, Louisiana Entertainment strives to strengthen education and professional training in the entertainment industries (live, recording, and audiovisual) by linking tax incentives to an education support program through the *Entertainment Development Fund*, created in 2017. The fund is financed by a 2% transfer fee applied when certified tax credits are issued and is designed to support accredited higher education institutions in Louisiana as well as specialized training institutes in the arts, media, and entertainment fields. At full capacity, this represents about 2.7 million dollars per year.[38] This type of mechanism is, in a sense, comparable to the tax levied on live performances in France, which is then used to fund support schemes for the sector—except that here it is directly connected to tax credits and training. Louisiana is the only example identified in this article where a portion of the tax credits generated is reinvested into local training institutions.

Despite some fluctuations, Louisiana remains today, along with Georgia,[39] one of the U.S. states best positioned in terms of cultural tax incentives, with programs dedicated to audiovisual production, live performance, and sound recording, all brought together under a single umbrella: *Louisiana Entertainment*. This branding gives the state's music-related tax credits strong visibility and coherence.

3. The economic and cultural effects of tax credits

In many cases, the introduction of tax credits has led to a significant increase in production spending, the economic value of the targeted cultural sectors, employment, and so-called indirect impacts within the relevant territories. For example, in Louisiana, the live performance tax credit saw its certified expenditures rise steadily between 2007 (when it came into effect) and 2014. Despite a decline in production spending after 2014, the program maintained its impact, especially by supporting local production. In 2019 (the latest available figures), spending related to this program reached $16 million, generating 414 jobs and $30 million in sales. Associated tax revenues totaled $1.6 million, with a return on investment of up to $0.63 in public revenue per dollar of credit granted. Each dollar of credit generated up to $4.99 in income and more than $9 in sales. Meanwhile, the sound recording tax credit maintained stable activity between 2017 and 2018, rose slightly in 2019, and then declined during the pandemic. More modest in scale, this program generated 6 jobs in 2019, with $41,000 in tax revenue.[40]

In France, beyond their economic effects, tax credits are evaluated in terms of their impact on cultural diversity, access to culture, and sectoral structuring. For example, 95% of CIPP beneficiaries are VSEs or SMEs, which account for 80% of total fiscal expenditure.[41] The scheme thus plays a redistributive role, directing support toward the most vulnerable actors in the sector, particularly in less profitable or more experimental genres. It also acts as a powerful investment lever: without this support, 34% of projects would not have been realized, and 58% would have been undertaken on a less ambitious scale, according to surveyed participants. The tax credit helps mitigate the risks associated with developing new talent by facilitating long-term investment.[42] Regarding employment, beneficiaries have experienced significant workforce growth, with a share of permanent contracts (CDIs) above the national average. A similar observation applies to the CISV, which helps live performance producers secure and make tours profitable, even in smaller venues. The scheme has supported job creation—an average increase of 10%—with a rate of permanent contracts twice as high as that observed across the sector. It is estimated to have enabled the creation of approximately 160 full-time equivalent permanent positions.

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called indirect impacts within the relevant territories.

These French programs are considered by music producers to be a fundamental support for the sector's activity in all its diversity.[43] It helps preserve a francophone music sector and encourages the production of works in French, which account for more than half (53%) of supported projects. The CISV, in particular, has helped expand the reach of live performances across the country, including areas with limited access to commercial cultural offerings. While impact studies do not show a specific financial return on investment, these programs benefit not only small organizations but especially those that receive little or no direct funding—particularly in the popular music sector outside the Paris region.[44] **In other words, the territorial dimension of French music tax credits primarily lies in supporting the decentralization of production**.

It is also useful to compare these results with those of audiovisual programs, which have a longer history. A longitudinal analysis (1998–2010) covering 50 U.S. jurisdictions shows that the mere presence of incentives—regardless of their amount—is associated with a 37% increase in the number of productions, a 17% rise in employment, and a 19% growth in new business creation within the territory.[45] These effects are amplified when the territory is home to a diverse range of film companies capable of taking advantage of the mechanism. For example, in 2022, the audiovisual industry is estimated to have supported 59,700 jobs in Georgia.[46] A particularly interesting aspect of the rise in production spending is that it has been accompanied by $1.28 billion in private investment for the construction of new studios, the expansion of existing ones, and the conversion of buildings. While it is still difficult to assert this with certainty, it is unlikely that these investments would have occurred without the tax incentives. This opens promising prospects for the music sector, where such data are still largely lacking.

In France, the case of tax credits for international audiovisual productions also points to potential developments for the music sector. There has indeed been a remarkable increase in these productions since the introduction of the International Tax Credit (C2I). In 2009, France hosted approximately 100 days of foreign shoots; by 2021, this number had soared to 1,900 days.[47] In 2022, a record was set with 133 international projects benefiting from the C2I (compared to just 5 in 2009), representing nearly €591 million in spending. Renowned directors such as Woody Allen (*Midnight in Paris*), Martin Scorsese (*Hugo Cabret*), Christopher Nolan (*Dunkirk*), Ridley Scott (*The Last Duel*), Wes Anderson (*The French Dispatch*), and Tom McCarthy (*Stillwater*) filmed in France. According to the Centre national du cinéma et de l'image animée (CNC), these major productions highlighted the skills of French executive producers and technical teams, helping build their international reputation, without affecting the dynamism of local production, which continues to benefit from numerous dedicated supports. This suggests how French music studios and producers—whose quality is already internationally recognized—could take advantage of a similar program. The CNM's internationalization strategy could therefore include attracting international productions in addition to supporting French producers seeking to export their work.

Moreover, one impact not yet considered in the context of music tax credits is the growth of destination-specific tourism, as seen in Iceland. A 2021 study conducted for Netflix and the World Tourism Organization showed that watching content from other countries significantly increases the likelihood of traveling there. For example, several sites featured in the *Game of Thrones* series experienced a strong rise in visitor numbers.[48] International music productions filmed in France could have similar effects, particularly when they include music videos.[49] Music tourism is already experiencing significant growth worldwide and could benefit from new synergies.[50]

Despite these success stories, analyses of fiscal measures in the audiovisual sector also highlight mixed results, particularly the limited economic impact in certain places.[51] Many tax credits, in music as well as in other sectors such as audiovisual production, have been designed primarily with territorial attractiveness in mind, without always taking existing or emerging local ecosystems into account. Critics have pointed to windfall effects benefiting international producers at the expense of local ones.[52] For example, in Spain, foreign companies capture 76% of the tax benefits.[53] Another criticism has focused on the "race to the bottom," in which territories engage in excessive competition by offering ever-increasing incentives. Indeed, many tax credits reflect a "sectoral adjustment logic [...] favored by governments often concerned with political compromises and electoral considerations."[54] They can erode public finances without even contributing to the common good. To address this, a more ecosystem-oriented approach to tax credits should be considered.

4. Toward an ecosystem approach for music tax credits

This final section provides recommendations on how to use tax credits to strengthen music sectors rooted in local ecosystems. The audiovisual sector has taken the lead in this area, adopting ecosystemic approaches that combine tax mechanisms with other instruments—such as professional training, infrastructure development, and socio-cultural diversity—within a dual logic of territorial and cultural development.[55] These instruments form an interconnected whole—an ecosystem designed both to attract international productions and to support local industries. This vision can, to some extent, be adapted to the music sector.

For tax incentives to serve as driving forces within music ecosystems, they must not only consider both local and international productions but also be predictable, simple, and transparent, enabling French and foreign recording and live performance producers to plan effectively. Recommendations from impact studies of French programs point in exactly this direction.[56] To ensure that incentives benefit foreign producers wishing to develop a show or recording in France, they should be presented in multiple languages, list local partners, and clarify co-production arrangements. In the audiovisual sector, this is the role played by “one-stop shop” websites—digital platforms that centralize all resources, authorizations, information, and support needed to produce audiovisual content (films, series, commercials, etc.) within a given territory (city, region, country). In France, the reference model is the Film France site managed by the CNC.

Moreover, to attract international productions, tax incentives should remove all content-related filters, such as the francophone criterion, following the example of the C2I in audiovisuals. This does not prevent maintaining such criteria for local productions or as bonus percentages on reimbursed expenses. As long as spending occurs on French territory, projects should be allowed to reflect any cultural expression.

For optimal effectiveness, tax incentives must also exist within a supportive legal and administrative environment. As in cinema, incentives are useless if permits for shows, visas, or other procedures for local and foreign productions are overly complex. While agencies managing tax incentives generally cannot control these processes, they can at least make them clearer and easier to navigate through practical guides and advisory services.

Similarly to Iceland and Louisiana, the expertise of local technicians and the inspirational power of the local atmosphere can be strong arguments for attracting foreign productions. Tax credits should therefore include communication strategies that promote these aspects. In turn, they can contribute to training local professionals. While many regions and countries invest in training cultural intermediaries, these programs are often disconnected from tax incentives. For incentives to be attractive, territories must align with the practical needs of the industries investing there, particularly regarding skills for stage and studio work.

Tax mechanisms thus serve not only as tools to collect data on these needs but also as a financial resource pool when their economic impact is positive. The same applies to infrastructure investments (residencies, recording studios, rehearsal spaces, performance venues). They can also promote greater diversity, equity, and inclusion by providing additional tools—for instance, preferential reimbursement rates (as for VSEs and SMEs) when musical productions involve marginalized cultures, territories, or social groups.

5. Conclusion

Historically, France has viewed tax incentives and cultural support programs as tools serving the development of the sector rather than the territory. However, in principle, there is no need to maintain such a dichotomy, as illustrated by the French audiovisual sector and, to some extent, Louisiana. On the contrary, the two paradigms can coexist and be mutually beneficial. Achieving this requires moving beyond a vision in which tax incentives operate in silos, whether for cultural, territorial, or economic development.

Indeed, while tax incentives can attract productions in the short term, they are not sufficient to create a sustainable local sector, even in other economic industries.[57] They can certainly send a positive signal, but their impact remains limited when implemented in isolation.

Ecosystem-oriented approaches, however, can enable music tax credits to become genuine tools serving music ecosystems and, by extension, the territories they occupy. In cultural sectors, faced with the widely perceived decline in direct public funding, tax credits can not only provide an alternative source of financing[58], but also serve as drivers for the renewal of cultural policies for music, particularly at the European level.

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[1] This article is part of a project that received funding from the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie grant agreement No. 101022942.

[2] Scott A. J., « Origins and growth of the Hollywood motion-picture industry: the first three decades », in P. Braunerhjelm et M. P. Feldman (eds.), *Cluster Genesis. Technology-Based Industrial Development* (Oxford : Oxford University Press, 2006), 17-37.

[3] Duval S., « État des lieux des mesures fiscales incitatives en faveur de la culture et de la presse », *La lettre juridique*, n° 175, 7 July 2005, online : https://www.lexbase.fr/article-juridique/3207477-le-point-sur-etat-des-lieux-des-mesures-fiscales-incitatives-en-faveur-de-la-culture-et-de-la-press. Conversely, it should be noted that taxation can also serve as an obstacle—or even as a tool of repression—for culture.

[4] For this reason, some programs, such as those in Puerto Rico and Louisiana, set a cap not only for each incentivized production but also for the program as a whole.

See Nordicity, « Live performing arts sector. Tax credit research », October 2024, online : https://www.arts.on.ca/research-impact/research-publications/live-performing-arts-sector-%E2%80%93-tax-credit-research-final-report.

[5] For example, in Ireland, the music tax credit applies only to music for screen productions, while in many countries it covers only songs or albums. In France, it includes both sound recordings and music videos.

[6] For example, some tax credits cover hourly studio rates, others cover payroll expenses (for hiring performers, producers, sound engineers, or studio and stage staff), as well as set design and costumes in the case of live performances, and in some cases, travel and transportation costs for musical instruments and performers.

[7] In France, the programs support the French-speaking world, while in Mexico they are limited to certain musical repertoires (classical, jazz, and traditional).

[8] For example, in the film industry, where projects are evaluated by committees based on qualitative artistic criteria. Gimello-Mesplomb F., « Un régime de justification comme

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[16] Alberge D., « Tax relief sets stage for investment boom in UK theatre », *The Guardian*, 1September 2014, online: https://www.theguardian.com/stage/2014/sep/01/tax-relief-uk-theatre-investment-boom?CMP=twt_gu.

[17] Enos M., *op. cit.*; « Oxford Economics reveals findings on the fiscal impact of live music » ; Stoner R. and Dutra J., « The U.S. music industries: Jobs & benefits. The 2020 report », Economists Incorporated, December 2020, online: https://www.riaa.com/reports/the-u-s-music-industries-jobs-benefits-economists-incorporated.

[18] Yglesias A. M., « Be like Björk: Iceland unveils new ‘Record In Iceland’ initiative », Recording Academy, 9 October 2019, online : https://www.grammy.com/news/be-bjork-iceland-unveils-new-record-iceland-initiative.

[19] Unlike the programs in France and Louisiana, which impose minimum thresholds.

[20] https://www.record.iceland.is.

[21] https://www.icelandmusic.is/en/music-fund.

[22] https://filminiceland.com/about.

[23] Music Cities Events, « #InConversationWith Leifur Björnsson. All you need to know about Record in Iceland programme », 15 March 2024, online : https://www.musiccitiesevents.com/post/leifur-bjornsson-record-in-iceland.

[24] The historical data are drawn in particular from an interview with Cécile Jeanpierre, Head of Tax Credits, Centre national de la musique (CNM).

[25] CNM, « Crédit d'impôt en faveur de la production phonographique », 30 September 2020, online : https://cnm.fr/aides-financieres/credit-dimpot-en-faveur-de-la-production-phonographique.

[26] Chianese J., « Global production incentives to watch: a look back at 2024 and what's ahead in 2025 », Entertainment Partners, 14 January 2025, online : https://www.ep.com/blog/global-production-incentives-to-watch-a-look-back-at-2024-and-whats-ahead-in-2025.

[27] Companies subject to corporate tax, French or nationals of another Member State of the European Economic Area having a permanent establishment in France, for any expense incurred in a Member State of the European Economic Area, CNM,*op. cit.* « Crédit d'impôt en faveur de la production phonographique ».

[28] The tax credit rates in favor of publishing are equivalent to the live performance tax credit, but its scope is more similar to the phonographic tax credit, due to a focus on new Francophone talents. The amount of eligible expenses is capped at €300,000 per contract and cannot exceed €500,000 per company.CNM, *op. cit.* « Crédit d'impôt en faveur de l'édition d'œuvres musicales », 18 November 2022, online : https://cnm.fr/aides-financieres/editeurs/credit-dimpot-en-faveur-de-ledition-doeuvres-musicales.

[29] In both cases, eligible companies must be French, and the expenses must be incurred primarily on French territory or in another European Union Member State.

[30] Direction générale des Médias et des Industries culturelles (DGMIC), « Synthèse de l'étude sur l'évaluation de la répartition des rémunérations entre producteurs phonographiques et artistes-interprètes », ministère de la Culture, 4 July 2017, online: https://www.culture.gouv.fr/espace-documentation/etudes-et-statistiques/Repartition-des-remunerations-entre-producteurs-phonographiques-et-artistes-interpretes.

[31] The language criterion includes regional languages.

[32] When albums are performed in a language other than French or a regional language used in France, their eligibility for the tax credit is subject to a so-called francophonie

condition, assessed at the level of the company's entire annual production: at least half of the expressive albums it produces each year must be in French or in a recognized regional language. An exemption to this clause is provided for projects carried out by microenterprises. However, it remains a barrier for organizations specializing in international styles (classical music, world music), where the use of other languages is part of the company's identity. See CNM, *op. cit.* « Crédit d'impôt en faveur de la production phonographique » ; Spanu M., « Pour une approche critique de la diversité des langues chantées dans les musiques populaires à l'ère de la mondialisation numérique », *Questions de communication*, n° 35 (2019) : 281-303, online : https://doi.org/10.4000/questionsdecommunication.19465.

[33] Charbonnier R., *op. cit.*, « La régulation à l'épreuve du changement : le cas de la musique ».

[34] O'Connor J., *Culture Is Not an Industry. Reclaiming Art and Culture for the Common Good* (Manchester: Manchester University Press, 2024).

[35] Selsky R. and Taglafierro J., « Economic and fiscal impact. Motion picture production tax credit (2019-2020): Louisiana Entertainment », Camoin Associates, March 2021, online : https://www.opportunitylouisiana.gov/wp-content/uploads/2023/12/2021-economic-and-fiscal-impact-reports-film-live-sound.pdf.

[36] It should be noted that the study presented here was conducted before June 2025, the date of the program's restructuring and the dissolution of the entity Louisiana Entertainment.

[37] Louisiana Entertainement, « Why record here? », consulted 23 March 2025.

[38] Louisiana Entertainment, « Entertainment Development Fund », consulted 23 March 2025.

[39] Since 2005, in Georgia, companies can save on expenses such as sound and video recording through a transferable tax credit of up to 30 percent. This credit is part of the existing audiovisual program and also applies to related industries, such as video games. A tax credit dedicated to live performance has also been introduced to stimulate local investment.

[40] Selsky R. and Taglafierro J., *op. cit.* « Economic and fiscal impact ».

[41] Zaparucha E. *et al.*, « Étude d'impact de deux dispositifs fiscaux du CNM : Crédit d'impôt en faveur de la production phonographique et Crédit d'impôt en faveur des producteurs de spectacles vivants », Technopolis Group, August 2023, online : https://cnm.fr/wp-content/uploads/2023/10/Technopolis-Rapport-devaluation-des-credits-dimpot-geres-par-le-CNM.pdf.

[42] *Ibid.*

[43] *Ibid.*

[44] EY (Ernest & Young), « Étude d'impact du crédit d'impôt pour le spectacle vivant musical ou de variétés », July 2018, online : https://ekhoscenes.com/storage/medias/impact-credit-dimpot_o_1hst01rol1fnq1j4vm2b18f7haf13.pdf.

[45] O'Brien N. F. and Lane C. J., « Effects of economic incentives in the American film industry: an ecological approach », *Regional Studies*, vol. 52, n° 6 (2018), 865-875.

[46] *Ibid.*

[47] Centre national du cinéma et de l'image animée (CNC), « Rapport d'activité 2022 », October 2023, online : https://www.cnc.fr/a-propos-du-cnc/etudes-et-rapports/rapports-d-activite/rapport-dactivite-2022-du-cnc_2281214.

[48] Zurro J., « España, el "Hollywood de Europa" : el 85 % de los beneficios fiscales del cine son para producciones extranjeras », *El Diario*, 11 April 2023, online : www.eldiario.es/cultura/cine/espana-hollywood-europa-85-beneficios-fiscales-cine-sonproducciones-extranjeras_1_10107815.html.

[49] The CNC already offers a specific support scheme for music videos, but this is a grant based on an application, which only French productions are eligible for.

[50] Sound Diplomacy et ProColombia, « Music is the new gastronomy », en partenariat avec l'Organisation mondiale du tourisme, 2018, online : https://www.sounddiplomacy.com/reports/music-is-the-new-gastronomy.

[51] Button P., « Can tax incentives create a local film industry? Evidence from Louisiana and New Mexico », *Journal of Urban Affairs*, vol. 43, n° 5 (2021): 658-684 ; Bradbury J. C., « Do movie production incentives generate economic development? », *Contemporary Economic Policy*, vol. 38, n° 2 (2020): 327-342.

[52] Messerlin P. and Parc J., « The myth of subsidies in the film industry: A comparative analysis of European and US approaches », *Innovation. The European Journal of Social Science Research*, vol. 33, n° 4 (2020): 474-489.

[53] Zurro J., *op. cit.* « España, el "Hollywood de Europa" : el 85 % de los beneficios fiscales del cine son para producciones extranjeras ».

[54] Leroy M., « Découvrir la sociologie fiscale », *Regards croisés sur l'économie*, n° 1 (2007) : 94-100, online : https://doi.org/10.3917/rce.001.0094.

[55] Here, I am drawing primarily on the following study: Olsberg SPI, "Best Practice in Screen Sector Development," in collaboration with the Association of Film Commissioners International (AFCI), September 2024, online : https://afci.org/wp-content/uploads/2024/09/Best-Practice-in-Screen-Sector-Development-Final-2024-09-

18.pdf.

[56] Zaparucha E. *et al.*, *op. cit.* « Étude d'impact de deux dispositifs fiscaux du CNM : Crédit d'impôt en faveur de la production phonographique et Crédit d'impôt en faveur des producteurs de spectacles vivants ».

[57] Deltour-Becq L., « Attractivité des territoires et fiscalité locale des entreprises », Paris, Conseil des prélèvements obligatoires, January 2014, online : https://www.ccomptes.fr/sites/default/files/EzPublish/rapport_particulier_Deltour_Becq.pdf .

[58] Schuster J. M., « Tax incentives in cultural policy », in V. A. Ginsburg et D. Throsby (eds.), *Handbook of the Economics of Art and Culture*, vol. 1, (Amsterdam: Elsevier, 2006), 1253-1298.