Creative Economy

Sigrid Hemels
Kazuko Goto *Editors*

Tax Incentives for the Creative Industries

Springer

Creative Economy

As the global economy has developed, we have seen severe competition and polarisation in income distribution. With this drastic change in the economic system, creativity with a high market value has come to be considered the main source of competiveness. In addition to the improvement of competitiveness, however, we are required to work toward fairness in society.

This series covers research on creative economies that are based on humanity and spirituality to enhance the competitiveness, sustainability, peace, and fairness of international society. We define a creative economy as a socio-economic system that promotes those creative activities with a high market value and leads to the improvement of society's overall well-being.

Through this series, we intend to propose various policy recommendations that contribute to the prosperity of international society and improve the well-being of mankind by clarifying the concrete actions that are needed.

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Tax Incentives for the Creative Industries

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Preface

To find the origins of this book, we have to go back to the winter of 2004 when we first met at the Rotterdam Art Center Witte de With, where we both participated in one of Arjo Klamer's special seminars on cultural economics. Klamer, the well-known Professor of Cultural Economics at Erasmus University Rotterdam, introduced us to each other saying that he was sure we had mutual interests: Kazoko Goto being a researcher in cultural economics with a public finance background and Sigrid Hemels, a tax specialist who, at that time, had just completed her Ph.D. research on tax incentives for the arts and culture in the Netherlands.

Arjo Klamer was right. What followed was an academic and personal friendship built over more than a decade with joint publications and mutual research visits to the Netherlands and Japan, enabled by financial support from the Japan Society for the Promotion of Science (JSPS) and Saitama University. During Sigrid's JSPS short-term fellowship in Japan in November 2014, we met over dinner with Prof. Tadashi Yagi of Doshisha University, Kyoto, and talked with him about the possibility of writing a book on tax incentives for the creative industries. This book is the result of that dinner.

We thank the editors of the Creative Economy series who gave us this opportunity. Furthermore, we are grateful to three anonymous peer reviewers for their useful comments on our book proposal: we hope that we have addressed your points satisfactorily. We are also very grateful to our co-authors who enthusiastically joined this project notwithstanding their busy schedules: Renate Buijze, Raymond Luja, and Dick Molenaar. Without their specific expertise, this book could not have been as comprehensive as it is now. Last but not least, we would like to thank everybody at Springer who has been involved in the production of this book, especially Juno Kawakami, Misao Taguchi and Sudeshna Das, who were always very patient and helpful. We hope our readers will enjoy this book and benefit as much from reading it as we did from writing and discussing it.

Amsterdam, Kyoto | Sigrid Hemels
Fall 2016 | Kazuko Goto

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Editors and Contributors

About the Editors

Sigrid Hemels received her Ph.D. from Leiden University in the Netherlands in 2005. She is Full Professor of Tax Law, Erasmus School of Law (ESL), Erasmus University Rotterdam; programme leader of the ESL Research Programme Fiscal Autonomy and Its Boundaries; and head of the ESL Department of Tax Law. She is also senior professional support lawyer at the Amsterdam office of Allen & Overy LLP and a member of the supervisory boards of several Dutch cultural institutions. Dr. Hemels frequently publishes and lectures, both in the Netherlands and abroad, on various tax topics, including tax incentives for charities, art, and cultural heritage.

Kazuko Goto received her Ph.D. in Economics from Kyoto University in 1998. She was Professor at Saitama University, 2004–2014, and visiting professor at Erasmus University Rotterdam, 2004–2005. At present, she is Professor at Setsunan University in Osaka, where she has been since 2014. She was an executive board member of the Association for Cultural Economics International, 2006–2012. Professor Goto also was editor in chief of *Bunka Keizaigaku* (Cultural Economics), 2006–2010, and was president of the Japan Association for Cultural Economics, 2010–2012. She has been an executive board member of the Japan Institute of Public Finance since 2016.

Contributors

Renate Buijze is a Ph.D. candidate at the Erasmus School of Law (ESL). Her research focuses on cross-border philanthropy and specifically the tax incentives for giving to the arts. With a Master's degree in Cultural Economics and cultural entrepreneurship from the Erasmus School of History, Culture, and Communication, she has an interdisciplinary scope on research.

Raymond Luja is Professor of Comparative Tax Law at Maastricht University, the Netherlands, where he heads the Department of Tax law. He is also expert counsel to Loyens & Loeff N.V., Amsterdam, where he deals with issues of fiscal state aid. He holds Master's degrees in Fiscal Economics and in Law. In 2003 he received a Ph.D. from Maastricht University after defending his thesis "Assessment and Recovery of Tax Incentives in the EC and the WTO: A View on State Aids, Trade Subsidies and Direct Taxation". Dr. Luja frequently publishes in the area of state aid and harmful tax competition and lectures in this field at various universities and institutions in Europe.

Dick Molenaar is a researcher of tax law at the Erasmus School of Law (ESL) of Erasmus University Rotterdam, the Netherlands. His research field is the tax aspects of performing artists, arts, culture, media, and sports. He is also a partner with All Arts Tax Advisers in Rotterdam, the Netherlands. In 2006, he defended his Ph.D. thesis "Taxation of International Performing Artistes" at the Erasmus University Rotterdam, the Netherlands. Dr. Molenaar has published extensively, both in the Netherlands and abroad, on various topics from his research field. He is also a member of the International Association of Entertainment Lawyers (IAEL) and of the International Tax Entertainment Group (ITEG). In addition, he is a member of the supervisory board of several Dutch cultural institutions.

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Abbreviations

AO	Abgabenordnung (Tax Code, Germany)
ATR	Animation Tax Relief (UK)
AUD	Australian Dollar
AV	Audiovisual
AVMS Directive	Audiovisual Media Services Directive (EU: Directive 2010/13/EU of 10 March 2010) OJ L 95, 15.4.2010, p. 1–24
AWR	Algemene Wet inzake Rijksbelastingen (General State Taxes Act, Netherlands)
BEPS	Base Erosion and Profit Shifting
CA	Charities Act 2011 (UK)
CAD	Canadian Dollar
CCIP	Customs Code Implementing Provisions (EU)
CGI	Code Général des Impôts (General Taxes Act, France)
Chap.	Chapter
CITR	Creative Industry Tax Reliefs (UK)
CTA	Corporation Tax Act 2009 (UK)
DCMS	Department for Culture Media and Sports (UK)
EC	European Commission
ECCC	European Convention on Cinematographic Co-Production
ECJ	European Court of Justice
EEA	European Economic Area
EFC	European Foundation Centre
EStG	Einkommensteuergesetz (Income Tax, Germany)
EU	European Union
EUR	Euro
FA95	Finance Act 1995 (Ireland)
FA12	Finance Act 2012 (UK)
FE	Fundatio Europea; European Foundation
FIMI	Film in Malaysia Incentive
FTR	Film Tax Relief (UK)

G20	Group of twenty major economies
GATS	General Agreement in Trade in Services
GATT	General Agreement on Tariffs and Trade
GBER	General Block Exemption Regulation (Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187/1 of 26 June 2014)
GDP	Gross Domestic Product
GVA	Gross Value Added
HMRC	Her Majesty's Revenue and Customs (UK's tax and customs authority)
HS code	Harmonized Commodity Description and Coding System
HTR	High-end Television Tax Relief (UK)
IAS	International Accounting Standards
IB	Wet inkomstenbelasting 2001 (Personal Income Tax Act 2001, the Netherlands)
IBP	International Budget Partnership
IEP	Irish Pound
IHTA	Inheritance Tax Act 1984 (UK)
IMF	International Monetary Fund
IP	Intellectual Property
IRC	Internal Revenue Code (USA)
IRR	Internal Rate of Return
ITA	Income Tax Act 2007 (UK)
ITAA	Income Tax Assessment Act 1997 (Australia)
ITR	Income Tax Regulations (Canada)
JSPS	Japan Society for the Promotion of Science
KBFUS	King Baudouin Foundation United States
LB	Wet op de loonbelasting 1964 (Wage tax Act 1964, the Netherlands)
LIS	Ley del Impuesto sobre Sociedades (Corporation Tax Act, Spain)
LOB	Limitation On Benefits
LP	Limited Partnership
MERCOSUR	Mercado Común del Sur
NGO	Non-governmental organisation
NPO	Non Profit Organisation
NPO Law	特定非営利活動促進法 (Law to Promote Specified Nonprofit Activities, Japan)
OECD	Organisation for Economic Co-operation and Development
OIDMTC	Ontario Interactive Digital Media Tax Credit
OJ	Official Journal of the European Union
OTR	Orchestra Tax Relief (UK)
p.	Page

Para.	Paragraph
PBE	Public Benefit Pursuing Entity
PDV Offset	Post, Digital and Visual effects Offset
pp.	Pages
PPT	Principal Purpose Test
PSRI	Pay Related Social Insurance (Ireland)
QAPE	Qualifying Australian Production Expenditure
R&D	Research & Development
RST	Retail Sales Tax
SAC	Significant Australian Content
SCM Agreement	Agreement on Subsidies and Countervailing Measures
Sect.	Section
SGEI	Services of General Economic Interest
SME	Small and Medium sized Enterprises
SW	Successiewet 1956 (Gift and Inheritance Act, the Netherlands)
TCA	Taxes Consolidation Act, 1997 (Ireland)
TFEU	Treaty on the Functioning of the European Union
TGE	Transnational Giving Europe
TRIP	Tax Rebate for International Production (crédit d'impôt en faveur de la production de films étrangers en France)
TTR	Theatre Tax Relief (UK)
TUIR	Testo Unico delle Imposte sui Redditi (Income Tax Act, Italy)
TV	Television
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
US	United States
USA	United States of America
USD	US Dollar
VAT	Value Added Tax
VAT Directive	Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (as amended)
VFX	Visual effects
VGTR	Video Games Tax Relief (UK)
Vpb	Wet op de vennootschapsbelasting 1969 (Corporate income tax Act 1964, the Netherlands)
WIB92	Wetboek van de Inkomstenbelastingen 1992 (Income Tax Act 1992, Belgium)
WIPO	World Intellectual Property Organizations
WTO	World Trade Organization
ZV	Zollverordnung (Customs Regulation, Switzerland)
#	Number of

Chapter 1
Introduction

Sigrid Hemels

Abstract This chapter explains the background and structure of this book.

Keywords Tax incentives · Creative industries

1 What This Book Is About and How It Builds on Previous Research

The creative industries have been studied by academics from various backgrounds and disciplines, and this sector has also attracted attention from policy makers for both economic and cultural reasons. A highly relevant question for public policy makers who have decided they want to support the creative industries is which instrument to use for this purpose. This book focuses on one instrument in the public policy toolbox which has not always been given as much attention as the other tools, but which has become rather important for the creative industries: support through measures in tax legislation—in other words, tax incentives. Schuster (2006), pp. 1257, 1286 noted that in tax incentives, more than in direct subsidies, experimentation and variety can be found. Furthermore, with decreasing government budgets for direct subsidies, tax incentives are often perceived by politicians and those within the sector as alternatives outside the budget, even though this is a misconception, especially from the standpoint of the government as a whole. The public policy tenet made famous by Friedman (1975) that there is no such thing as a free lunch applies here, too. Still, this is a powerful force behind pleas for the introduction of new tax incentives for the creative industries all over the world.

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Most of the literature on tax incentives for the creative industries focuses on the USA and other English-speaking countries. Research in this field is usually done from an economist's perspective. Furthermore, most attention has been given to a specific sub-sector of the creative industries, namely, the non-profit charitable part that includes museums and the arts in general. This can probably be explained in part by the fact that the most important contributions in this field have been made by the American cultural economist J.M. Schuster, who focused on the role of tax policy in cultural policy. Starting with his doctoral thesis (Schuster 1979), he pioneered research on tax incentives as a cultural policy instrument. His thesis was not published at the time, but, thanks to open access, is now easily available online. It resulted in the standard reference work *Patrons Despite Themselves: Taxpayers and Arts Policy* (Feld et al. 1983). Both focused on the arts and the USA from an economist's perspective. Schuster (2006), p. 1263 noted that

> Schuster has been the most consistent contributor to the (American) literature on the role of tax policy in cultural policy.

We agree with this observation, but would like to point out that this might also have influenced the focus of research on this topic. Schuster (2006), p. 1293 did some comparative research but remarked that:

> there is also a need for comparative research on the forms of incentives and their relationship to various national contexts.

In order to get a full picture, it is important not only to focus on the American and English literature, but also to consider experiences in other countries and non-English sources. Besides, in the globalized world we live in today, transactions are often not restricted to one country, but cross borders. This is especially the case for the creative industries as they are, in part, highly mobile and not bound to any one territory. This gives rise to a new dimension and the question of whether tax incentives can cross borders as well. Furthermore, given the steady growth and increased importance of the more commercial part of the creative industries, both in economic terms and in policy discussions, it makes sense to broaden the scope of research from the non-profit arts and culture part of the creative industries to the more commercial for-profit part of the sector. Many countries provide tax incentives not only for the non-profit part of the creative industries, but also for commercial parts as well. Examples include tax incentives for films, the art market, and copyright. In this context, tax incentives may be used as tools for tax competition between countries to attract and stimulate the growth of particular sub-sectors of the creative industries. For such incentives, economic motivations may dominate over cultural motivations.

Finally, it is important to study tax incentives for the creative industries not only from an economic perspective, but also from a legal perspective. Tax legislation and international treaties can have a strong influence on the design of tax incentives. They explain certain features of a tax incentive offered in a country and may restrict policy makers in the design and application of certain tax incentives for the creative industries.

For all of these reasons, this book combines insights from cultural economics, public finance, and tax law. It provides an accessible and comprehensive introduction to the application of tax incentives in the creative industries. In order to meet this objective, we adopted a rather broad definition of "creative industries," and rather than focusing on a single country, we have included perspectives and examples from various countries around the world.

2 Structure of This Book

We have divided this book into three parts. It begins with a theoretical part that discusses the theoretical context within which tax incentives for the creative industries function. In the second part of the book, we focus on various examples of tax incentives for specific sub-sectors of the creative industries. This discussion builds on the theoretical framework developed in the first part. In Part III we conclude with a short discussion on the theoretical framework developed in Part I, viewed in relation to the cases presented in Part II, in order to arrive at some general conclusions regarding tax incentives for the creative industries.

2.1 Part I: Theoretical Framework

The logical starting point of our discussion is establishing a definition of the creative industries as a foundation on which the remainder of the book can be built. After a review of various possible definitions, Kazuko Goto (Chap. 2) develops a definition based on three characteristic features of the creative industries:

1. They have cultural and economic aspects relating to cultural policy goals as well as economic policy goals.
2. They are a combination of art and commerce.
3. They contain both nonprofit and for-profit organizations.

Following this definition, for purposes of this book the creative industries include the non-profit arts and cultural heritage which are targets of traditional cultural policy, as well as more commercial activities, including the audiovisual industry, copyright, and the art market.

After having established this definition, Kazuko Goto (Chap. 3) discusses the rationale of governments for providing support to the creative industries. Why do governments intervene in the market for these goods and services? She considers cultural policy motivations and economic theory to explain this phenomenon. From the perspective of cultural policy, reasons for financially supporting the creative industries include the furtherance of excellence, innovation, and access; recognition and celebration of national, regional, or local identity; promotion of continuity; and furtherance of diversity. These may be defined in economic terms as positive externalities. Reasons from the perspective of economic policy include the contributions of the creative industries to the economy; perceived positive externalities; the desire to redress free rider behavior; the difficulties some creative industries face for increasing productivity when costs increase (Baumol's cost disease; Baumol and Bowen (1966)); and the desire to reduce the negative effects of the cost structure of many creative industries, where there is a combination of high sunk and fixed costs and low marginal costs. Governments predominantly intervene in the market for creative goods and services for cultural reasons, even though these may run counter to economic efficiency at times.

The rationale behind government support for the creative industries thus having been established, Sigrid Hemels (Chap. 4) focuses on one of the instruments used by governments to provide this support: tax incentives. She develops the following definition of tax incentives for the creative industries used in this book:

> A provision in tax legislation that departs from the benchmark tax structure and favors creative industries, resulting in a reduction or postponement of tax income for the government.

Furthermore, she gives an overview of various designs of these incentives and discusses why tax experts are usually not in favor of this policy tool. This book takes the perspective that tax incentives are not necessarily better or worse than other policy instruments, but that the most appropriate instrument should be determined based on both the policy objective and fiscal policy considerations. The OECD (2010) identified several conditions under which tax incentives are most likely to be successful. In addition to these OECD conditions, cultural or creative policy objectives might result in tax incentives being more appropriate than other government tools. That being said, it is acknowledged that tax incentives are not always controlled, accounted for, and evaluated in the same way as direct subsidies and that tax incentives are inferior to direct subsidies in that respect.

As previously mentioned, alongside an economic perspective, this book adopts a legal perspective to understand and analyze tax incentives. Raymond Luja (Chap. 5) provides key building blocks for this analysis. He addresses the question of the extent to which individual states are free to design their tax incentives for the creative industries according to their liking, with a particular focus on the EU. He points out that in today's globalized and digitalized world in which the creative industries operate, several regulatory restrictions influence the design and application of certain tax incentives. These include restrictions imposed by guidelines on harmful tax competition, the fight of several international organizations, including the OECD, against tax evasion and profit shifting, and, in the EU context, the prohibition of state aid. Such regulations restrict the options of governments to provide aid to the creative industries. This is especially the case for tax incentives aimed at the more commercial and international sub-sectors of the creative industries such as the audiovisual industry and copyrights.

However, not only the commercial parts of the creative industries are affected by international rules and regulations. The nonprofit part can also operate on an international scale and has to come to grips with these international provisions. Renate Buijze (Chap. 6) addresses this issue in her discussion of tax incentives that cross borders, taking up the example of tax incentives for charitable giving. She notes that several cultural organizations raise funds abroad and then find themselves confronted with tax barriers, as many countries restrict tax incentives to domestic charities. She provides an overview of current solutions initiated either by governments or private organizations, which help arts organizations to overcome these barriers. Furthermore, she discusses the crucial factors that determine the effectiveness of these solutions.

2.2 *Part II: Tax Incentives for Specific Sub-sectors of the Creative Industries*

The theoretical part is followed by Part II, which focuses on tax incentives for specific sub-sectors of the creative industries. This part presents insightful examples from various countries to illustrate the application of these tax incentives.

Sigrid Hemels (Chap. 7) discusses tax incentives that can be found in many countries and have been the focus of most researchers in this field, namely, tax incentives for museums and cultural heritage, the nonprofit part of the creative industries. First, she discusses tax incentives for donations, shows that various designs are used, and questions whether the general assumption that the USA has the most generous tax incentives in this respect is correct. Her discussion also includes exemptions for charities, tax incentives for volunteers, the possibility of paying tax with art and heritage objects, wealth tax exemptions for objects given on loan to cultural organizations, and tax incentives for the restoration and maintenance of monuments.

Next, Sigrid Hemels discusses the tax incentives for what is probably the most commercial, international, and powerful part of the creative industries: the audiovisual industry (Chap. 8). She observes that, especially in the Americas and Europe, many countries provide tax incentives for films. Competition to attract this business can be fierce between countries, and even between lower levels of government within federal states such as the USA. She suggests that countries without a big home market can no longer support a film industry without offering incentives. Notwithstanding the fact that economic reasons are very important for introducing these incentives, cultural and political reasons are also prominent, especially when countering the dominance of the USA. Politicians seem to be rather receptive to lobbies advocating such incentives. Hemels discusses these incentives, which are aimed either at producers and investors or at consumers of films, in relation to the specific features of the film industry. Furthermore, she discusses tax incentives for adjacent sectors such as television, videogames, phonographic recordings, and music videos.

Sigrid Hemels then discusses the art market (Chap. 9), which is a sub-sector of the creative industries that, at least in part, has become rather global. Part of the art market is extremely international, competitive, and commercial and part of it is more local in its focus. She points out that several countries apply tax incentives to the sale or acquisition of certain works of art. These incentives can reduce the net and gross prices of art. She notes that important incentives in this respect are reduced VAT and customs levies on works of art. However, the definition of "art" that is applied is rather restrictive and conservative and is, therefore, not always in line with what art experts consider to be art. She gives examples of court cases involving various works of art, including those of Brancusi, Moholy-Nagy, and Viola. She also addresses the incentives that are provided in so called free ports.

Another international and highly mobile part of the creative industries is copyright. Dick Molenaar defines copyright as the legal result of the creative process (Chap. 10). He points out that tax incentives for copyright can be motivated by various reasons such as positive economic effects and support of artists. By giving various examples, he illustrates that incentives can take many different forms, ranging from exemption of artists to special IP boxes and R&D tax deductions. Furthermore, he addresses the measures countries have taken to prevent double taxation of royalty income in cross-border situations, the EU Directive on royalty income, and the limits that are currently being set by the international anti-base erosion and profit shifting project.

Next, Dick Molenaar analyzes tax incentives for artists (Chap. 11). These incentives usually have a national focus. They can take the form of financial support measures for artists with low incomes such as an exemption of artists' income and the possibility of using works of art to pay taxes. Another reason for introducing such incentives is the promotion a country's national culture. In the EU, fundamental freedoms and rules pertaining to state aid must be considered when designing such incentives. Molenaar also covers tax incentives from which artists derive indirect benefits, such as tax incentives aimed at the performing arts.

3 Who Should Read This Book?

As this book combines academic and practical approaches, we believe that it will be of relevance both to researchers and students studying the creative industries, as well as policy makers and readers involved in the creative industries who are seeking an in depth and up to date overview of this alternative way for governments to support the creative industries. The book may be used by policy makers contemplating the introduction of new tax incentives to find best practices and to make arguments against implementing incentives that do not seem to have worked well in other countries. It will also help researchers and students to understand the peculiarities of the design of certain tax incentives and the legal restrictions that countries face when designing tax incentives. Last but not least, we hope this book will inspire further research on this fascinating aspect of the cultural industries.

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Part I
Theoretical Context of Tax Incentives for the Creative Industries

Chapter 2
Defining Creative Industries

Kazuko Goto

Abstract This chapter explores various categorizations and definitions of creative industries and develops a definition for the purposes of this book: to discuss tax incentives governments have implemented for the creative industries and explore their rationale and effects. This definition characterizes creative industries by three features. First, creative industries contain cultural and economic aspects relating to cultural policy goals such as cultural diversity and access to culture, as well as economic policy goals. Second, creative industries are a combination of art, in the narrow sense, and commerce: the combination of a specific form of creativity, cultural content creation, and its delivery. Third, creative industries are defined to include both nonprofit and for-profit organizations.

Keywords Creativity · Creative industry · Cultural industry · Copyright industry · Cultural policy · Cultural diversity · Access · Economic policy · Nonprofit organizations · For-profit organizations

1 Introduction

In 1994, the Office for the Arts of the Australian government used the term cultural industry in the cultural policy document *Creative Nation*. In 1997, the UK Department for Culture Media and Sport (DCMS) used the term creative industries when naming the Creative Industries Task Force and, in 1998, in the *Creative Industries Mapping Documents*. After this, the term gained wide acceptance, although there are still variations in terminology. Besides creative industry, the terms cultural industry and copyright industry are also used. In this book, we will use the term creative industries.

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The meaning given to the term creative industries varies. After the UK DCMS, among others, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and World Intellectual Property Organization (WIPO) introduced different definitions and scopes for the creative industries. Despite the fact that these definitions largely overlap, the differences between them make it difficult to make quantitative international comparisons of creative industries. Still, it is meaningful to explore differences in definitions to understand their theoretical background and to come to a useful definition for the purposes of this book.

A common characteristic that appears in all definitions is that, as UNCTAD (2010), p. 23 noted, the creative economy has a multitude of dimensions, and that it contributes to economic, social, cultural and sustainable development goals. This book mainly focuses on economic and cultural aspects of creative industries.

This chapter will discuss several definitions and classifications of the creative industries, including their theoretical and empirical background (Sect. 2). In Sect. 3, the characteristics of the creative industries are analyzed and presented as the building blocks of the definition used in this book.

2 Various Definitions of Creative Industries and Their Background

The definitions, terminology, and classifications used for creative industries are diverse. The differences can often be explained by differences in focus. For example, UNCTAD is interested in world trade, whereas UNESCO is interested in promotion of culture, and WIPO is interested in intellectual property rights. The terminology used often reflects this main focus: UNESCO uses the term cultural industry, whereas WIPO uses copyright industry. Many classifications of cultural goods and creative industries relate to statistical data and aim to give an estimation of the scale of creative industries and their contribution to the economy in terms of, for example, GDP, employment and international trade.

Below we discuss several definitions and classifications which have been developed over the past 30 years.

2.1 UNESCO

Article 4(5) of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions defined cultural industries as industries producing and distributing cultural goods or services. UNESCO deliberately uses the term "cultural" industries, rather than "creative" based on the following (UNESCO 2009, p. 19):

> Many countries have used the term 'creative' to describe these industries, but many industries within a creative 'sector' may not be creative. The definition and measurement of creativity is in itself subject to much debate. Creative industries usually cover a broader scope than traditional artistic domains with the inclusion, for example, of all ICT industries or research and development. The framework addresses this issue by allowing the inclusion of some specific creative industries (design and advertising) as a separate domain.

Article 4(4) of the 2005 UNESCO Convention defined cultural goods and services as those goods and services, which at the time they are considered as a specific attribute, use or purpose, embody or convey cultural expressions, irrespective of the commercial value they may have. Cultural activities may be an end in themselves or they may contribute to the production of cultural goods and services.

In 1986, UNESCO developed a framework for cultural statistics. This framework influenced many countries that were trying to establish cultural statistics. The framework outlined by UNESCO (1986, pp. 6–7) included the following categories:

0. Cultural heritage
1. Printed matter and literature
2. Music
3. Performing arts
4. Visual arts
5. Cinema and photography
6. Radio and television
7. Socio-cultural activities
8. Sports and games
9. Environment and nature

In 2009, UNESCO proposed a new framework for cultural statistics. This framework is based on a hierarchical model comprised of cultural domains and related domains. The cultural and related domains are (UNESCO 2009, p. 24):

A. Cultural and Natural Heritage;
B. Performance and Celebration;
C. Visual Arts and Crafts;
D. Books and Press;
E. Audio-visual and Interactive Media;
F. Design and Creative Services;
G. Tourism (related domain);
H. Sports and recreation (related domain)

Certain domains are regarded as transversal because they can be applied to all of the cultural and related domains. These transversal domains are:

- Intangible Cultural Heritage
- Education and training
- Archiving and preservation
- Equipment and supporting materials.

2.2 Eurostat

In 1997, Eurostat introduced common cultural statistics for the EU. It defined several categories of cultural goods to estimate their import and export. Eurostat (2016), p. 98 gives the following definition of cultural goods:

> 'Cultural goods' are the products of artistic creativity that convey artistic, symbolic and aesthetic values; examples are antiques, works of art, books, newspapers, photos, films and music. The category includes CDs, DVDs and video games and consoles, as media enabling access to cultural content. It also includes musical instruments, which are not cultural goods in themselves, but represent means of artistic expression. 'Cultural goods' exclude products of large scale manufacturing even if they facilitate access to cultural content (e.g. TV sets or CD players).

2.3 UK DCMS

DCMS (1998) defined the purpose of the 1998 UK Creative Industries Mapping Documents as raising awareness of the creative industries, the contribution they make to the economy and the issues they face. DCMS (1998) defined creative industries as those industries that have their origin in individual creativity, skill, and talent, and that have a potential for wealth and job creation through the generation and exploitation of intellectual property. This definition stresses the importance of both cultural aspects (individual creativity, skill, and talent) and economic aspects (intellectual property and economic growth).

Based on this definition DCMS worked closely with stakeholders to determine which occupations and industries should be considered to be creative. Through consultation, the creative occupations were identified. Next, the proportion of creative jobs for each industry was calculated. This was used as a measurement of creative intensity. Industries with creative intensity above a specified threshold were considered creative industries. Under these criteria, the following industries were characterized as creative industries: advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, performing arts, publishing, software and computer services, television and radio.