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26 Conclusion

Sigrid Hemels¹ and José-Andrés Rozas²

1 Introduction

This book is the tangible outcome of an important research project that has had numerous intangible effects as well. It is the first time that a large group of tax academics from various countries studied tax incentives for cultural heritage and shared ideas with academics from other fields such as cultural economics. As cultural heritage is often not just of national importance, but of regional and global importance as well, this was an excellent subject for an international collaboration. The potential impact of this research is, therefore, not limited to the country that generously financed it, Italy.

In addition, while some authors had already been working on tax incentives for cultural heritage before, for others this was a new field of research. Therefore, this project also put the topic more prominently on the tax research agenda thus also enabling and inspiring future impact and new research on the theme.

This last chapter aims to give a short overview of the most important conclusions and lessons that can be learned from the work of the various researchers that was presented in this book. For readers who do not have the time to read the whole book, this chapter is also a guide aiming to help the decision on which chapters deserve a closer look given one's specific interests.

2 Public Finance and Tax Measures for Cultural Heritage: issues, methodology and guidelines

The book started with an overview and introduction by the initiator of this research project, Lorenzo del Federico. He sketched the context in which tax incentives for cultural heritage function. He discussed general policy on cultural heritage, an introduction of the reasons for states to finance cultural heritage and an introduction in the role of international organisations, UNESCO, the OECD and the European Union (EU). He also discussed the importance of the comparative analysis undertaken in this research project.

3 Economic rationales for cultural heritage policies

Anna Mignosa set the scene by discussing public intervention for culture from a cultural economics perspective. This economic perspective was an important building block for the more juridical analyses that followed. She discussed the reasons and possible tools for public intervention in the context of cultural heritage.

4 Policy diffusion by international organisations

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It is clear from the chapters of Lorenzo del Federico, Anna Mignosa, Marc Bourgeois/Yassin Hachlaf/Antoine Vandenbulke and Edoardo Traversa that international organizations see an important role for themselves in protecting cultural heritage. Before discussing the role of the OECD, Anna Mignosa argued that the importance of international organizations that cannot impose hard law, such as the OECD and UNESCO, is also in the policy diffusion they enable: helping governments to learn from each other.

This policy diffusion is clearly illustrated in the chapter of Marc Bourgeois, Yassin Hachlaf and Antoine Vandenbulke on UNESCO. Even though this intergovernmental organization is caught in a struggle for funding, partly for geo-political reasons, as was also discussed by Lorenzo del Federico, it plays a major role in cultural heritage protection, amongst others by its list of World Heritage which has a high symbolic and political value and makes UNESCO influential notwithstanding its financial struggles.

Where the role of the OECD and UNESCO from a legal point of view is 'limited' (even though it can be influential) to soft regulation, the EU can also impose hard law on its member states and has some funds to spend. Lorenzo del Federico pointed this out in his chapter and Edoardo Traversa took this further. He observed that cultural heritage policy is a national competence, but that the EU encourages cooperation and supports and complements the Member States' actions with a rather ambitious strategy. The latter is also an example of policy diffusion. He showed that cultural heritage is recognized on the EU Agenda and that the EU supports cultural heritage by specific funding programs. In addition to this largely insufficient funding, he also mentioned harmonized legislation in the area of value added tax (VAT) which includes several tax incentives for culture. In addition, he stresses the importance of the fundamental freedoms and the prohibition of state aid for member states' design of cultural heritage policies.

5 State aid limitations in the EU

Marta Villar Ezcurra and Carlo Eugenio Baldi in their respective chapters built on Edoardo Traversa's introduction on state aid, a theme also touched upon by Lorenzo del Federico. State aid is an important legal boundary in the EU to the use of taxation as a cultural heritage policy instrument. Marta Villar Ezcurra started her discussion by pointing out the importance of clear definitions and defining those in the EU law context. She observed that state aid is the major constraint to the tax sovereignty of national legislators and gave a general introduction to the concept. In this analysis she stresses the fact that only economic activities come in the realm of state aid, which excludes some cultural heritage conservation activities, but not all. In addition, she discussed the General Block Exemption Regulation. This regulation is very relevant for tax incentives for cultural heritage as it exempts public support in the field of cultural heritage from the notification obligation for state aid.

Carlo Eugenio Baldi took it from there and went deeper into the concept of economic and commercial activities and decisions on compatible aid. He observed that the Commission was not too worried about aid in the cultural field. He also delved deeper into the requirement of effects on competition and trade and concluded that the Commission in most cases considers such effects to be limited. However, he acknowledged the exception of large and renowned cultural institutions and events that position themselves on an international competitive market. He observed that in the absence of clear evaluation criteria, many governments, when in doubt, choose to treat the financing of culture as state aid even in the absence of the elements that characterize it as such.

6 Constitutions and tax treaties

Ricardo García Antón and Sigrid Hemels followed suit with the position of cultural heritage in constitutions and tax treaties respectively. Ricardo García Antón observed that the constitutional recognition of culture has both an individual dimension of cultural rights and a statist dimension of the state's duty to preserve cultural heritage. The latter dimension prevailed in Europe after the Second World War and has thus mostly influenced tax law, for example, in tax incentives for supporting cultural heritage of which he discussed several examples. He criticized this statist influence on these tax incentives as it implies the power of the state to decide on what cultural heritage the incentives apply and thus to channel private engagement in cultural heritage. He pleaded for a more bottom up approach by creating tax measures that endorse the constitutional individual dimension of cultural rights by incentivizing community engagement in decision making on and preserving cultural heritage. In this context he sketched a tax regime for cultural heritage cooperatives to activate local communities. In addition, and linking back to Edoardo Traversa's chapter, he discussed the encouraging role of the EU in fostering a community-centred approach to preserve cultural heritage. A legislative role of the EU does not seem to fit in the EU juridical framework, although he sees possibilities in the stretching of this framework in the light of the COVID-19 pandemic.

Sigrid Hemels discussed the position of cultural heritage charities in tax treaties. These organizations are crossing borders in terms of their activities, fundraising and investments. However, based on the public policy rationale for charities, most jurisdictions restrict their tax incentives to resident charities. In the absence of mutual recognition of charities, this problem is not even solved in the EU. This may cause problems of double taxation or single taxation where an exemption was intended. Even though tax treaties usually do not include a reference to cultural heritage, they may reduce the double/single taxation problems of cultural heritage charities. In this respect she discussed both the OECD, UN and US model conventions and some specific examples of bilateral conventions. She observed that cultural heritage charities will usually be regarded as residents and can thus benefit from reduced withholding tax rates, but that most tax treaties do not expand tax incentives for charitable giving to (donors of) cultural heritage charities in the other jurisdiction. She argued that the threats cultural heritage is under, the global relevance of many cultural heritage sites, the limited financial means of the countries where they are located (and, as was discussed by Marc Bourgeois, of UNESCO) and the moral obligation of all states to protect world heritage, provide sufficient reasons for a review of the public policy rationale to confine tax incentives to domestic cultural heritage charities in tax treaties.

7 National experiences

In the second part of the book, tax incentives for cultural heritage in various jurisdictions around the world were analysed. All chapters followed a similar outline, with the aim of achieving a homogeneous analysis. It was not possible to include all countries in the book, but we have tried to select countries that are rich in UNESCO world heritage and located in various countries. This having said, we must acknowledge from the outset that Asia is missing. Further research on Asia would, therefore, be of interest.

Janet Milne focused on the US, Alexandre Maitrot De Lamotte on France, Cordeiro Guerra on Italy, Juan Enrique Varona on Spain, Christine Osterloh-Konrad on Germany, Sabine Kanduth-Kristen on Austria and Eleonor Kristoffersson, Cristina Trenta and Björn Westberg on Sweden. Betty Andrade, Jonathan Barros Vita and José-Andrés Rozas did a tour the force by giving us an overview of the tax incentives in a large amount of Latin American countries: Argentina, Bolivia, Brazil, Colombia, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Paraguay, Peru, Uruguay and Venezuela. Menita Giusy De Flora analysed the tax incentives in the United Kingdom, Turkey, Switzerland and

Portugal. In this part, we, therefore gained a broad oversight of the practices in various countries. In Table 1 we have summarized the findings of these chapters.

Table 1 (TI= tax incentives)

	UNESCO member/ number of cultural heritage sites ³	TI for cultural heritage owners	TI for patrons	TI for museums and other NPOs	TI for art cities	TI for attracting international investors
United States	No/24	Yes	Yes	Yes	No	No
France	Yes/45	Yes	Yes	Yes (depends on entity- form)	No	No
Italy	Yes/55	Yes	Yes	Yes (depends on entity form)	No	No
Spain	Yes/48	Yes	Yes	Yes	No	No
Germany	Yes/46	Yes	Yes	Yes	No	No
Austria	Yes/10	Yes	Yes	Yes	No	No
Sweden	Yes/15	Yes	Yes	Yes	No	No
Argentina	Yes/11	Yes	Yes	Yes	No	No
Bolivia	Yes/7		Yes	Yes		
Brazil	Yes/22	Yes	Yes	Yes (not museum specific)	No	Yes (audio visual)
Chile	Yes/6	Yes	Yes		No	No
Colombia	Yes/9	Yes	Yes		No	No
Dominican Republic	Yes/1	Yes	Yes		No	No
Ecuador	Yes/5	Yes	Yes		No	No
El Salvador	Yes/1	Yes			No	No
Guatemala	Yes/3	Yes		Yes	No	No
Honduras	Yes/2	Yes			No	No
Mexico	Yes/35	Yes	Yes		No	No
Peru	Yes/12	Yes	Yes	Yes	No	No
Uruguay	Yes/2	Yes	Yes		No	No
Venezuela	Yes/3		Yes	No	No	No
Turkey	Yes/18	Yes	Yes	Yes	No	No
Switzerland	Yes/12	Yes	Yes	Yes	No	No

³ <https://whc.unesco.org/en/list/> (accessed 7 April 2021).

United Kingdom	Yes/32	Yes	Yes	Yes	No	No
Portugal	Yes/17	Yes	Yes	Yes	No	No

7.1 United States

In the United States, the ability of taxpayers to deduct the value of donations to charitable institutions and governmental entities is an important incentive for the private sector to engage in the preservation and protection of cultural heritage. Furthermore, it is noted that in the United States' tax incentives for the preservation of historic buildings are linked to governmental regimes that identify places of historic significance, thus focusing tax incentives on recognized properties, simplifying administration and allowing the agencies with expertise in historic preservation rather than tax authorities to determine qualification.

7.2 France

In France, traditions and culture occupy an important place in private life and public life. However, even though a heritage code is in force, no systematic rules on the protection and promotion of cultural heritage have been adopted. Instead, there are ad hoc measures sprinkling resources and supervised by the Ministry of Culture. However, some tax incentives are also controlled by the Minister of Economy and Finance, in certain circumstances after the opinion of a committee composed of state representatives and experts. For gifts to the restoration and conservation of the Notre-Dame in Paris a specific regime applied in 2019: gifts up to € 1000 benefitted from a tax reduction of 75% instead of the regular 66%.

7.3 Italy

In 2020, Italy shared with China the number one ranking of countries with most UNESCO cultural heritage sites. Furthermore, heritage protection is included in the Italian constitution. Nevertheless, there is a lack of resources to protect all cultural heritage and competences are shared between various bodies resulting in inefficiencies. Instead of a general law on tax incentives for cultural heritage, several ad hoc provisions were introduced which are not always linked in a consistent and systematic way. Italy introduced an art bonus, a tax credit up to 65% for donations for maintenance, preservation and restoration of designated public cultural heritage. This incentive uses a simple application mechanism, designed from the perspective of donors and has been very successful from a donors' point of view. However, from a financial point of view it was less successful. It is of particular interest that for Venice, a city with many day-trippers who do not pay tourist tax, a specific landing fee was introduced which resembles an entrance ticket to the entire city.

7.4 Spain

After Italy and China, Spain has most cultural heritage sites. The Spanish constitution expressly refers to cultural heritage and its protection. There is no general and universal tax benefit for cultural heritage, but there are many benefits in specific laws. Generally, in order to benefit, the cultural heritage must be included in the Registry of Property of Cultural Interest. An incentive to be highlighted is that the Spanish income tax allows a deduction of 15% of total investments or expenses derived from the acquisition of qualifying cultural heritage outside of Spain for import into Spain. A similar deduction applies for investments in and expenses for the conservation, restoration, dissemination and exhibition of qualifying cultural heritage and for the rehabilitation, maintenance, repair and improvement of buildings located in a specific protected area or which is UNESCO World Heritage located in Spain.

7.5 Germany

German tax law contains various mechanisms which contribute to the preservation of cultural heritage. Primarily, it focusses on tax incentives for private owners of cultural heritage to preserve their property and make it available to the public. As tax law is a matter of federal legislation and the preservation of historic monuments falls within the competence of the *Länder*, the procedural rules to qualify for these tax incentives are complex. Furthermore, there is criticism on the fact that the *Länder* authority for historic monuments states that the preconditions are met for the tax incentive, which might give too strong an incentive to facilitate access to the tax incentives with less attention for the consequences for the public purse. The protection of cultural heritage is generally accepted as a legitimate function of the German state, but its constitutional foundation is weak. It is not clear whether the reference to the freedom of the arts includes cultural heritage. However, many of the *Länder* explicitly mention promoting culture as an important public function in their constitution.

7.6 Austria

The constitution of Austria does not include a rule that considers the protection and the promotion of cultural heritage, but it does include that legislation and its implementation on protection of monuments is a federal concern. There are several federal tax measures aimed at promoting the preservation of cultural heritage. For example, an accelerated depreciation is allowed for costs incurred for heritage-protected buildings.

7.7 Sweden

In the Nordic Council of Ministers, the ministers for culture of Denmark, Finland, Iceland, Norway, Sweden, Greenland, the Faroe Island and Åland collaborate in a Culture Council and are tasked with the overall responsibility for cultural cooperation. The Declaration of these ministers on cultural heritage establishes essential principles that help understand the fiscal treatment of cultural heritage in the Nordic countries. The Swedish constitution does not include rules regarding cultural heritage, but the Historic Environment Act might be considered as the law on cultural heritage. Sweden does not have particular provisions in tax law regarding cultural heritage, but there are measures that cover essential areas of cultural heritage.

7.8 Latin America

Most Latin American constitutions acknowledge the importance of protecting cultural heritage and exempt cultural heritage from patrimonial taxes. Many countries provide for tax incentives for cultural heritage owners. Various provisions allow for deduction for income tax purposes of expenses arising from the conservation of cultural heritage, both in the form of income deductions and tax credits. Although definitions of what constitutes a museum may differ between the various countries, museums are usually exempt from taxation. Tax incentives for donations are common. São Paulo in Brazil has specific incentives for audio-visual productions such as movies, tv series, commercials, games and other media content. These incentives also aim to reduce bureaucracy. A Bolivian Cultural Foundation established a US affiliate that is registered as a US non-profit entity and thus enables fundraising from US taxpayers who will in this way be able to benefit from US tax incentives. In table 1 we included countries on which the chapter provided information in at least two categories of tax incentives.

7.9 Turkey

Turkey refers to cultural heritage in its constitution. Heritage properties are exempt from property taxes. Certain cultural property is exempt from inheritance tax. Unlike some other donations, donations for culture and tourism are fully deductible. Museums sponsored or approved by the Ministry of Culture

and Tourism and founded by companies listed on a stock exchange may be exempt from corporate income tax.

7.10 Portugal

Portugal refers to cultural heritage in its constitution. 30% of income derived from historic buildings can be deducted from income tax as set off against the costs of repair and maintenance. This is twice the amount that applies to other types of buildings. For wealth tax purposes, the valuation of historic buildings is 50% of the official registered value. In addition, cultural heritage is exempt from municipal real estate tax. Portugal has a patronage tax regime which is divided in several categories including cultural patronage. In addition, taxpayers can assign 0.5% of their personal income tax to a cultural entity.

7.11 Switzerland

Switzerland refers to cultural heritage in its constitution. Owners of historic buildings can, in general, offset the costs of repairs and maintenance against income tax, but for each canton, the rules differ.

7.12 United Kingdom

In the UK, a VAT exemption for construction projects regarding protected dwellings, churches and charitably owned buildings and an exemption of inheritance and capital gains tax for the transfer of qualified heritage property are important tax incentives for cultural heritage. The UK provides for various tax incentives which are of relevance for museums. These include the cultural gifts scheme and the Museums & Galleries Exhibition Tax Relief, a tax credit scheme on eligible expenses designed along the same lines as similar schemes for films, television and theatre.

8 General takeaways from the national experiences

The country reports make clear that countries value their cultural heritage and that the identity of political communities - international, national, regional or local - is based on cultural roots. Especially in federal states cultural heritage protection might be the responsibility of another governmental level than taxation. This can sometimes lead to specific complications as were described for Germany. In many countries that were studied in this book, the constitution makes reference to cultural heritage and the need to protect and preserve it. It is also clear that preservation of the archaeological, historical urban, and artistic heritage (in short: cultural heritage) requires a huge financial effort. This does not only involve public funding, but also private funding in most countries. Especially countries that are rich in cultural heritage, but not necessarily rich in public funds are looking for new ways to fund the preservation of their cultural heritage. Public funding is often composed of a web of revenues and expenditures in which subsidies, taxes, public debts and tax incentives are intertwined. From the national experiences it is clear, that countries actively use their tax systems to encourage the preservation of cultural heritage.

8.1 Tax Incentives for Cultural Heritage Owners

A Spanish proverb, "livestock fattens under the gaze of its master", stresses that public ownership is not always the best option for a proper maintenance of cultural heritage. Cultural heritage –buildings, archeological sites, works of art- is, in fact, often owned by individuals or private entities. Most countries do not aspire to own all cultural heritage within their borders. Owning cultural heritage can be a financial burden, as it usually requires high expenses for a proper conservation. This is not only a problem for public owners of cultural heritage, but also for private owners. It is not always easy to reach a proper financial balance between the revenues that cultural heritage may produce, the expenses and

investments required for its conservation and public access for enjoying it. This is a reason for governments to apply various forms of support for private owners of a nation's cultural heritage. In many cases this includes tax incentives.

Various countries have provided for different forms of tax relief for private owners of such cultural heritage, to name only a few:

- a) Allowances and tax benefits in property taxes –usually at local level- for historical real estate or, even, movable works;
- b) Allowances and tax benefits for transfer taxes regarding historical heritage, particularly within inheritance, gift and capital gains taxation;
- c) Payment of taxes with cultural heritage.

Often, these tax incentives require that the owners of the cultural heritage allow access to the general public. Similarly, many countries require inclusion in a cultural heritage register for tax incentives to apply.

8.2 Tax incentives for patronage

A popular tax policy for attracting private funds for cultural heritage conservation and restoration is providing for tax incentives for donations in income and corporation taxation. These tax incentives can have various forms. It can be a reduction of the tax base (deductibility from income with the drawback of the 'upside down effect' e.g. higher incomes benefitting most in tax systems with progressive rates, as was mentioned by Menita Giusy De Flora) or a reduction of the tax payable (a tax credit, the benefit is that there is not necessarily an upside down effect as the benefit does not depend on the amount of income (unless the maximum amount of the benefit is linked to income as is the case in, for example, France)) or a benefit for the organization to which the donation is made as is the case in the UK gift aid scheme. In all cases, the tax benefit may be dependent on applicable thresholds and capped at a certain maximum ceiling. Both may be a percentage of income or an absolute amount. Sometimes the taxpayer receives a higher tax benefit for certain contributions. These might be regular contributions, small or large contributions or contributions to certain organizations (such as is the case in Turkey), encouraging a more stable and widespread financing to these non-profit organizations. Some countries limit tax benefits to a certain time frame or link them to a specific cultural project. In addition, the tax benefit is not always the same for individuals and corporations, and for residents and non-residents.

By waiving a portion of their income tax revenues, governments indirectly provide funding to non-profit organizations owning cultural heritage. The advantage of this kind of funding is that it is the taxpayer who chooses to which activities or assets the public funding is earmarked. Some countries, such as Italy and Portugal, do this in a very direct way by allowing taxpayers to assign a part of the tax due to a listed organization of their choice.

8.3 Tax incentives for Museums

In some countries, cultural heritage is mostly managed by public institutions. Direct subsidies are an important source of funding in those cases. In addition, funds may come from commercial activities such as sales of publications, royalties and tickets. Cultural heritage owned by NPOs such as foundations, may, often in addition to direct subsidies, benefit from tax incentives. Some countries provide for specific tax incentives for museums, but in most cases, the general incentives for nonprofit organizations apply.

8.4 Tax incentives for art cities

Cities with a rich historical heritage face particular problems. Such cities often attract many tourists which creates challenges for the daily-to-day life of citizens, who often also benefit from tourism, and from an environmental point of view. Tourism is often important for the financial position of these cities. In most countries, tourist tax is levied on a municipal level. This tax is usually linked to overnight stays. None of the countries in this research provided for specific tax incentives for art cities. However, São Paulo provides for incentives for audio-visual productions such as films, tv series and games.

8.5 Tax incentives for attracting international investors

The countries included in this research do not provide for specific tax incentives for international investors. In several countries, especially in the EU because of the fundamental freedoms, foreign (or only EU) investors are treated similarly as resident investors.

9 Specific topics

In part III various authors focused on specific topics of interest.

9.1 Value added tax regime for works of art and cultural activities

Fabrice Pezet discussed the character of works of art as investment goods and consumption goods and their status in EU law. He analyzed their specific VAT treatment as being part of a tax regime to promote the consumption of cultural goods by way of either an exemption or application of a reduced rate. The latter is applied for works of art. He summarized the criticism in literature on the definition of works of art for VAT purposes. He noticed that some national courts have given a wide interpretation to the concept of cultural activities. He related the preferential tax regime for works of art to the concept of fiscal neutrality and recent case law of German and French courts on this matter. He concluded that national courts extend the preferential treatment for cultural activities which, even though it may be satisfying from a fiscal perspective, tends to mitigate artistic properties. The activity is thus analyzed under the prism of an economic good at the expense of its cultural nature.

9.2 Tax incentives for museums and cultural patronage

Antonio Tarasco and Silvia Giorgi discussed the way museums are financed in relation to the theme of tax incentives for museums. They showed that this topic is closely related to the fact that in some jurisdictions most museums are public, whereas in others the private model is dominant. However, they pointed out that there is a wide range of hybrid models. They discussed that, in line with the national experiences, in most jurisdictions museums have the status of a non-profit organization. For that reason, museums and their donors can benefit from various tax incentives. In addition, they discussed the VAT regime for museums. In their view, strengthening the capacity of museums to generate income could make tax incentives for museums more effective.

Caterina Verrigni focused on the closely related theme of tax incentives for private donations to cultural heritage. In this regard, the dominant model in which cultural heritage is financed and owned, is important as well. She discussed that there is a great variety in incentives applied, but that most countries provide for some kind of tax incentives for philanthropic donations. She gave specific attention to the United Kingdom, Germany, Australia and Chile. She stressed that political, social and cultural ideas are deciding factors for states to provide (or not provide) for tax incentives for donations to cultural heritage. In her view, states should pro-actively promote cultural heritage by providing for such incentives.

9.3 Free ports for art

Francesco Montanari discussed specific tax regimes for free ports for art. He defined the phenomenon of free ports and discussed their new role in the art market. He gave an overview of tax benefits that apply in free ports. Usually, these include a suspension of VAT and customs duties. He also pointed out that free ports offer opportunities for tax evasion, tax avoidance and money laundering. However, he was of the opinion that free ports offer opportunities for economic growth for small countries with limited productive resources. In his view, a delicate balance should be safeguarded between fighting criminal activities and protecting the rights of honest buyers, sellers and dealers of art.

9.4 Pay tax with cultural heritage

From the various national experiences, it became clear that several countries allow for paying tax with eminent cultural heritage. Sigrid Hemels discussed why countries provide for this tax incentives and analyzed some differences in the design of the incentives. Countries differ in respect of the cultural heritage to which the incentive applies, the percentage of the value of the cultural heritage that is taken into account, the application of a requirement of public display and taxes that can be paid with cultural heritage. She concluded that the rules vary widely between jurisdictions. In addition, she pointed out differences in transparency and use of the incentive. She is of the view that countries should be transparent both because in a democratic society government should account for the costs and effects of tax incentives and because transparency can make the incentive more well-known and thus enforce cultural heritage policy. Notwithstanding the benefits of the tax incentive, she showed understanding for governments that fear extensive use of the incentive and thus being faced with high costs for restoration and maintenance of cultural heritage obtained through the incentive.

9.5 Art cities, sustainable tourism and tax measures

From the national experiences it became clear that the jurisdictions included in this research do not provide for specific tax incentives for art cities. However, it was also clear that cities that are rich in cultural heritage struggle with challenges caused by mass tourism and look at taxation as one of the elements of a solution. Taking Venice as an example, Loris Tosi and Ernesto Bagarotto discussed if and in what way tax legislation can help resolving the problems of art cities through specific instruments. They started with a definition of art cities and the issues such cities face. They described tax as a tool to find resources to implement intervention policies and compensate for the negative impacts of tourism and, in some cases, adopt more conscientious and sustainable practices. They noted that, as was confirmed in the country experiences, cities usually apply a tourist tax linked to overnight stays. However, they make clear that such taxes have limits which might be overcome by an 'entrance fee' as is levied by Venice. Such tax would not only make day trippers contribute to public spending, but it could also be helpful in controlling the flow of tourists. However, the current tax levied by Venice also has its problems as it comes with high management costs, evasion risks and inconsistencies. They advocate a pragmatic approach in which, as a first step, only specific groups, such as passengers from cruise ships, would be targeted. In addition, a city card and entrance fees for certain areas could be introduced to reduce the drawbacks of the current general entry levy.

9.6 Tax incentives for artists and contemporary art

As there cannot be art without artist and as we are now building cultural heritage for future generations, Dick Molenaar discussed tax incentives for artists and contemporary art. He explained that protection of own cultural heritage is often an important reason for a tax incentive for artists. He focused on several specific tax incentives in various countries. These incentives are often quite unique to the country. For example, Ireland provides for an exemption from income tax for income writers, composers, visual artists and sculptors derive from their work. Belgium has a special tax regime for copyright income of which artists can benefit. In Mexico, painters, sculptors and other graphic artists

can transfer part of their annual production of art to the state as an alternative for paying their taxes. This has both been beneficial for artists and for the public art collection of Mexico. In the United States a tax incentive for donations of art works to museums stimulated both the art market and public collections. In addition, Dick Molenaar discussed the VAT reduced rates and exemptions from which artists can benefit in the EU. He showed that there is no common approach in how the EU member states make use of the options provided by the VAT Directive.

10. Conclusion

This book has given a broad overview of the subject of tax incentives for cultural heritage both from a comparative, an interdisciplinary and a thematic perspective. The editors are convinced that this outcome of the research project is of relevance for academics and students of this topic, not just in the field of tax law, but also in other fields, and for practitioners and policy makers.

The book did not aim to provide all answers. Instead it hopes to be an inspiration for further research on this topic, including on themes we had to leave aside and on jurisdictions that were not included in this research, especially in Asia.

For us, as authors and editors it was an inspiring journey. We hope that this has been the same for the reader.