

Zuylen. The legal fees did at least buy the company a track record of showing that it had done as much as it could about the problem.

In Norway – where Rune Lem of Gunnar Eide Concerts has spent more than two years lobbying the government – there's now an ongoing enquiry into Internet scalping and consultation with the industry on the subject.

Lem wants the country to follow Denmark's example and make it illegal to sell for more than face value. Although the Danes have legislation to stop the practice, it doesn't help them much if the tickets for their shows are being bought and sold in Norway.

Flemming Schmidt discovered as much with a November Nick Cave show in Copenhagen Falconer. A couple dozen Norwegian fans had booked return flights from Oslo and an overnight hotel in the Danish capital, but ticket supplier Euroteam couldn't deliver their tickets and failed to show.

## The Markets They Are A-Changin'

AMONG THE LEGACIES MICHAEL Rapino will leave in Europe is that he was a major part of completely changing the tone of the ILMC's Emerging Markets panel. As of 2005, it will never be the same again.

A year after *Pollstar* revealed that Rapino – then Clear Channel's international head of music – was in takeover talks with three major promoters from the old Eastern bloc, the co-chairman of this year's session will be the head of one of those that sold out to him.

Serge Grimaux from Prague's Interconcerts is taking a share of the chairing from Tim Dowdall of Hungary's Multimedia – another of the firms that sold out to CCE – and the “emerging markets” landscape has altered so much that maybe the panel should be renamed “changing markets.” That's not to say the old Eastern bloc constituted all emerging markets, but it's always been the major and most vocal part of them.

Interconcerts, Multimedia and Poland's Odyssey can hardly still be called “emerging” after they've been bought by the biggest live music conglomerate on the planet and become part of Europe's biggest touring network. They've changed, and the whole picture has changed with them.

Apart from three companies from Czech Republic, Hungary and Poland joining Clear Channel, their three countries also joined the European Union last year, along with Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia and Slovenia. It doesn't mean those markets have immediately “emerged,” but it almost certainly means the process has been accelerated and their economies will likely grow over the next five (or so) years.

Eight of the 10 new EU members are from the ex-communist bloc. Six of them – Slovenia, Czech Republic, Slovakia, Estonia, Latvia and Lithuania – only became independent after the collapse of communism. It's taken those markets more than a decade to show that old habits die hard but can be killed off eventually.

To have Grimaux follow Dowdall in the chair looks a good idea on the

face of it. Grimaux (French-Canadian) and Dowdall (very English) have Western backgrounds, both work in what was part of that old Eastern bloc, both have sort of re-embraced the West by selling to Clear Channel and therefore both straddle that old line that was once the Iron Curtain. Both understand the changing markets because both were at the forefront of the changes.

Outside of the changing countries, perhaps there will still be some of that old emerging markets parochial stuff, such as the state of the live music business in Croatia and who is ultimately responsible for it. Promoters from neighbouring countries may wish to give their views on the morality of failing to refund punters for canceled shows and cash-flowing a business with their money.

Ironically, when asked why the punters themselves put up with that particular practice, Zvonimir Mamic – a journalist with the Zagreb-based daily *Novi List* – echoed the moans of old emerging-market delegates down the years by telling *Pollstar*, “We're used to being screwed.”

## ILMC, The Gerritse Case And All That

IN SHAKESPEARE'S “SEVEN AGES Of Man,” it's easy to imagine that the whining schoolboy was “creeping like a snail, unwillingly to school,” because first lesson up that day was the academic equivalent of hearing the ILMC Tax Working Party explain how close the German government is to changing its fiscal laws.

Although the schoolboy “with his satchel and shining morning face” probably knew he needed to concentrate because it's impossible to answer any question on German withholding tax without detailed knowledge of the so-called “Gerritse case,” the forefront of his mind was undoubtedly fully occupied with wondering how far he'd get into the lesson before he'd get caught staring out of the window – or even falling asleep.

It seems the more that Harald Grams (Grams & Partner-Germany) and Dick Molenaar (All Arts-Holland) do to standardise artist tax within the European Union, the greater the wave of apathy that greets them.

Molenaar said he thinks this may be because the promoters are self-made people and one of the reasons they went into the music business in the first place was because it was perceived as a way of



**DR. HARALD GRAMS** and **Dick Molenaar** take a break from discussing whether ILMC delegates studying German tax laws and the “Gerritse case” should have marks deducted for spelling words like *Bundesfinanzhof* and *Bundesfinanzministerium* incorrectly.

avoiding “the system.” The Gerritse case and all that's followed is, after all, a battle fought over a system.

Those promoters who have been particularly successful no doubt have people to deal with the system for them, although it's far from obvious that the ILMC's steadily rising delegate numbers are on the back of it attracting more live music accountants and tax advisers.

Those who skip lessons – or to-tally ignore the subject – could either fail to benefit from the changes that will soon occur in European tax law or will rely on some last-minute cramming to get them by. It'll be no good if they can't tell their *Bundesfinanzhofs* from their *Bundesfinanzministeriums*.

So, in a handful of nutshells, what's happened so far is that Grams and Molenaar took the German government to the European Court Of Justice – yes, the Gerritse case – because the country's tax laws conflict with EU principles on the freedom of movement of labour. They accused Germany's tax system of being disadvantageous to workers from outside the country and – what's more – they made it stick in June 2003.

Although it was an impressive court victory, it did throw up a couple of problems. With the exception of the U.K. and Holland (and Denmark and Ireland because they don't have withholding tax), almost all the other EU countries collect taxes from artists by methods that conflict with EU principles. In all, 19 of the 25 member states still have tax laws that – for one reason or another – aren't in line with EU treaties.

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So, it looked as if Grams and Molenaar had several more visits to the ECJ in front of them.

The second problem was that the German government's attitude to the Gerritse case ruling was to pretty well ignore it.

That attitude was seriously challenged when Folkert Koopmans' Hamburg-based FKP Scorpio Konzertproduktion (represented by Grams) appealed massive withholding tax assessments raised against the company for 1993 performances by American and European acts in Germany.

Koopmans and Grams were able to do this because after Advocate General Philippe Léger had given the ECJ's Gerritse ruling, he also said there's no legal limit on how far back a company can go to apply for rebates on taxes that were collected outside of EU rules. Koopmans' argument is that he's being assessed for taxes that were levied outside of EU rules.

At this point, it gets hard to work out why Grams and Molenaar don't get exasperated that more promoters don't challenge taxes that the Gerritse case has shown to be unlawfully assessed. The upshot of the Scorpio case (so far) is that the German Supreme Court has asked the ECJ for clarification on four of the points in its Gerritse ruling.

More importantly perhaps, the country's Federal Ministry of Finance decided October 17, 2004, that every German promoter can postpone payments of withholding tax until there's a decision in the Scorpio case.

For the German government, this is what Molenaar describes as

the "*fin-de-siècle*." Its arguably stubborn intransigence over withholding tax is also under pressure from other quarters. Here are some more dates worth writing on your hand:

On October 13, the European Commission started a complaint procedure against Germany because the measures it's taken after the Gerritse ruling are far from sufficient.

On November 16, the EU culture ministers agreed that standardising artist tax is a priority step towards easing the exchange of talent throughout the union.

At the end of Holland's six-month tenure of the EU presidency last December, Roel van de Ven, a policy advisor at the Dutch ministry of culture, told *Pollstar* that Medy van der Laan – a minister in the same department – was still determined to carry on her "name and shame" policy for countries that have tax laws that don't comply with EU principles. Grams and Molenaar have been lobbying the Dutch government for more than two years.

The U.K. has made it clear that it will continue that policy when it picks up the EU presidency in July.

In the meantime, Luxembourg holds the presidency for the next four months and laws on artist tax may not be a priority for a country that hardly has a live music business outside the walls of the Den Atelier club.

Last month, Grams and Molenaar were invited to meet French government representatives wanting to discuss U.K. and Dutch tax systems because both countries were already in compliance with the stipulations

made in the Gerritse case. France is looking to change its laws so that it's also in compliance.

Meanwhile, Grams and Molenaar are off tilting at more windmills by starting an action in Italy on behalf of a U.S. opera singer based in Holland. Apparently, she's going to be "Gerritse – Part Two" because she's allegedly not being treated fairly over agency expenses or money spent on travel, hotels and food etc.

However, the sweetest victory for the dynamic tax duo is that the Paris-based OECD – the organisation that frames international tax treaties – has finally woken up and asked them to provide examples of the tax problems that artists face. Grams and Molenaar are currently preparing a detailed report to present to the OECD in the spring. They've been lobbying the agency for three years.

## BELGIUM

### Traveling Light

ROCK WERCHTER IS TEAMING WITH national rail and bus networks and the local authority to encourage fans to use public transport when traveling to the festival and not bring half the contents of their houses with them.

It's launching a new four-day ticket June 30 to July 3 that includes free public transport as part of a bid to ease the traffic pressure on the local village and discourage people from bringing heavy camping gear that, according to Clear Channel director Yo van Saet, has included generators, complete bars with draft beer dispensers, sofas, disco equipment, beds and cooking equipment with large gas bottles.

In a site reconfiguration that company chief Herman Schueremans describes as "moving heaven and earth," the prime camping fields nearest to the festival grounds will be allocated to people who don't bring cars. Those who drive will be further away and, for the first time, cars will have to be parked in a different area and not taken onto campsites.

The rail ticket will only be usable on the days of the festival and, coupled with local mayor Dirk Claes' appeal for people not to turn up on the Wednesday before the event, it's hoped the 70,000-capacity Rock Werchter will be less of a disturbance to the residents of Leuven and the outlying provincial villages. The ticket won't cost more



**MEXICAN POP STAR** Gloria Trevi massages her aching temples as she announces her upcoming tour during a news conference in Monterrey, Mexico, February 28.

than the estimated euro 115 for four days because the country's public transport network and the festival are picking up the tab between them.

Van Saet acknowledged the festival has had to satisfy more local conditions in order to get its licence but stressed that the locals haven't been unreasonable with their demands.

"We have a good dialogue with the local authorities and they're keen to work with us to sort these things out," Van Saet explained.

Acts on this year's bill include Faithless, R.E.M., Rammstein, Chemical Brothers, Nine Inch Nails, Elvis Costello & The Imposters, Kraftwerk, Soulwax, Queens Of The Stone Age, Keane, Ozark Henry, Within Temptation, Audioslave, and Kasabian.

### Domino Theory Pays Off For AB

"THIS YEAR, I EXPECT WE'LL have 7,000 people across the whole event," said Ancienne Belgique in-house promoter Kurt Overbergh, recalling that the venue's Domino Festival began with only 700 in 1999.

It started out in the AB's 250-capacity club, attracting the sort of fans that want to see tomorrow's bands today, and has grown to fill the entire building.

Germany's Einsturzende Neubauten (which is celebrating its 25th year), the Warp versus Lexus battle between two of the country's most influential electronic labels, and the final LCD Soundsystem night are all expected to do well enough to fill the venue's 2,000-capacity main hall. Lemon Jelly and Scandinavian acts Jaga Jazzist and Efterklang will be in the 700-capacity The Box.

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