

French panel: Tax Google to fund the arts

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Google logo

(AP) -- How to help prop up the ailing music industry? Tax Google, suggests a new report commissioned by the French government.

The report, handed to Culture Minister Frederic Mitterrand on Wednesday, says Google and other Internet portals should be slapped with a new tax on their online ad revenues in France to fund the development of legal outlets for buying books, movies and especially [music](#) on the Internet.

The proposal is the latest idea to emerge amid France's efforts to fight illegal file-sharing and impose order - French-style - on the free-for-all that is the Internet.

The plan "seemed inevitable to us, if we want to maintain a certain pluralism in the culture world" and prevent the "endless enrichment of two or three world players who will impose their cultural formatting on

us," Patrick Zelnik, a record producer who helped lead the mission, was quoted as telling Liberation newspaper.

Google appears cool to the idea but sought a conciliatory tone. Google France's public affairs director said the company told the mission it wanted "cooperation between Internet players and the cultural fields to develop new models."

Olivier Esper said there were opportunities to promote innovative solutions "instead of continuing on a path that opposes the Internet and the cultural worlds, for example the path of taxation."

Along with Google, the report cites Microsoft, AOL, Yahoo! and [Facebook](#). The French branches of Yahoo! and Microsoft did not immediately respond to requests for comment, nor did officials at Facebook and AOL in the United States.

Critics say the plan would be messy to implement and that Internet portals would shoulder an unfair share of the burden.

"Where does it start and stop? The argument is that Google has culpability for declining music revenues because people start searches for illegal files often by Google," said Mark Mulligan, vice president of Forrester Research. But "what about the computers? Because without the computer people wouldn't be able to download. And then what about the electricity that powers the computer?"

Mulligan also says the proposal "encourages laziness from the music industry, because ultimately they are saying, you don't have to dig your way out of the problem, we'll let other companies do that for you."

The proposal is still in the early stages, and the report doesn't spell out specifics - like exactly how much new tax the portals would pay, on top

of the taxes that they, like all companies, already contribute. It does estimate, however, that "given the size of the ad market on the Internet, this measure could eventually bring in euro10 million a year."

Though debate on the proposal has focused on the unusual so-called "Google tax," the report also says that Internet service providers should pay more in taxes, an idea that has been increasingly floated in France and other countries. France should rally fellow European nations to support its efforts, the document says.

The mission's leaders included Zelnik, head of France's Naive record label - whose artists include the French first lady, model-turned-singer Carla Bruni-Sarkozy. Former Culture Minister Jacques Toubon and Guillaume Cerutti, president of Sotheby's auction house France, also took part.

The panel concluded that its most urgent goal is to promote legal music sales over the Internet. One way to do that, it suggests, is offer youths a card for buying online music, which would be partly government-subsidized.

The tax on Web portals and Internet service providers would help pay for the subsidies as well as for a publicity campaign about the music cards, the report says. To a lesser extent, the money would also fund other cultural efforts, including digitizing more [books](#) and promoting efforts to make more films available for online purchase.

Altogether, the mission says, its proposals should cost about euro50 million in 2010, and euro35 to euro40 million in the two years after that.

The French society of authors and composers, SACD, praised the ideas as "audacious and pertinent."

France's president and culture minister are studying the report, and it is not yet known when they will respond, the Culture Ministry said.

Sarkozy's government is making efforts to regulate the Web and protect intellectual property in the Internet age. Lawmakers here recently passed legislation that would cut off people caught illegally downloading movies and music from the Internet, and authorities are debating how to best respond to [Google](#) Book's request to digitize French libraries' collections.

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