Value added tax (VAT): rates applied to books, newspapers and periodicals

2016/0374(CNS) - 01/06/2017 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 590 votes to 8, with 10 abstentions, in line with the consultation procedure, a legislative resolution on the proposal for a Council directive amending Directive 2006/112 /EC, as regards rates of value added tax applied to books, newspapers and periodicals.

As a reminder, the Commission proposal seeks to grant all Member States, the possibility to apply **the same VAT rates to electronically supplied publications** as Member States currently apply to printed publications.

Parliament approved the Commission proposal subject to the following amendments:

Subject matter: Members stated that the Directive shall aim at **simpler, more fraud-proof and business-friendly VAT systems** across the Member States, as well as keeping pace with today's digital and mobile economy. It shall:

- **stimulate innovation, creation, investment and the production of new content**, and facilitate digital learning, knowledge transfer and the access to, and promotion of, culture in the digital environment;
- promote reading and encourage investment in new content for publishers.

Scope of the Directive: the Commission shall clarify whether the proposed Directive also applies to brochures, leaflets and similar printed matter, children's picture, drawing or colouring books, music printed or in manuscript form, maps and hydrographic or similar charts.

Blind and visually impaired persons: Members suggested that adapted and audio electronic books, newspapers and periodicals are to be understood as not wholly or predominantly consisting of music or video content. Therefore, **reduced VAT rates could also be applied to those formats** in order to facilitate access to books, newspapers and periodicals for persons who are blind, visually impaired or otherwise print-disabled.

Towards a better coordinated regime: Members noted that the flexibility granted to Member States in the context of the current proposal in **no way prejudges the definitive VAT regime** to be rolled out and shall not remove the need for a more coordinated, efficient and simpler system of reduced VAT rates with fewer exceptions.

Follow-up: three years following the entry into force of the Directive, the Commission shall produce a **report** identifying the Member States that have adopted similar reduced or super-reduced VAT rates for books, newspapers and periodicals and their electronic equivalent, and evaluate the impact of those measures in terms of budgetary implications and development of the cultural sector.

The amended text refers to a resolution of 13 October 2011 in which the European Parliament recalled that one of the key features of VAT is the principle of neutrality and, for that reason, it argued that 'all books, newspapers and magazines, regardless of format, should be treated in exactly the same way'.