

## The legislation:

Current legislation does not allow member states to apply reduced or zero rates to online delivery of printed products.

## A window of opportunity for reduced rates for online?

The Commission has launched its consultation on the future of VAT in the “Green Paper on the future of VAT– Towards a simpler, more robust and efficient VAT system’. Comments have to be submitted by **31 May 2011**.

For the first time the EC recognises in a document the inconsistency between reduced rates and standard rates in the field of certain cultural products (e-books, newspapers and magazines)

The Commission cites the objective of the review as follows:

“Value added tax (VAT) constitutes a major source of revenue for national budgets of the Member States of the European Union. However, the VAT system, which is based on legislation adopted at European level and applied at national level, suffers from numerous shortcomings which do not make it fully efficient and compatible with the requirements of a true single market.

The aim of this consultation is to launch a broad based debate with all the stakeholders on the evaluation of the current VAT system and the possible ways forward to strengthening its coherence with the single market and its capacity as a revenue raiser whilst reducing the cost of compliance.

The Green Paper covers in particular the treatment of cross border supplies, as well as other key issues addressing tax neutrality, the degree of harmonisation required in the single market and reducing "red tape" whilst ensuring VAT revenues for Member States.”

## EPC Position:

This consultation offers an opportunity to put an end to the contradiction of the current situation where consumers must pay the full rate of VAT for online newspapers, magazines, books and journals whereas reduced VAT rates apply to print. This is illogical when publishers are innovating with payment-based digital press offers in a difficult market where they must compete with 'free' content, which has not always been made available with the consent of, or after payment to the original publisher.

Publishers and consumers ought to be given the incentive to purchase legal services that will lead to growth in the digital economy over time.

Therefore the EPC is keen to use this opportunity to put a strong and robust argument for existing reductions or zero rates of VAT rates also to be applied to online publications. The EPC will be submitting a response to the consultation.

## Useful Links

- Link to the consultation: [http://ec.europa.eu/taxation\\_customs/common/consultations/tax/2010\\_1\\_1\\_future\\_vat\\_en.htm](http://ec.europa.eu/taxation_customs/common/consultations/tax/2010_1_1_future_vat_en.htm)
- <http://www.epceurope.org/issues/epc-value-added-tax-and-the-publishers.shtml>

**talk to use**

**For further information, contact:**  
Angela Mills Wade  
EPC Executive Director

Tel: +44 1865 310 732;  
[angela.mills@wade.uk.net](mailto:angela.mills@wade.uk.net)

or Heidi Lambert

Tel: +44 1245 476 265;  
[heidilambert@hlcltd.demon.co.uk](mailto:heidilambert@hlcltd.demon.co.uk)

Alternatively visit  
[www.epceurope.org](http://www.epceurope.org)