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A8-0189/ 001-013

AMENDMENTS 001-013

by the Committee on Economic and Monetary Affairs

Report

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A8-0189/2017

Rates of value added tax applied to books, newspapers and periodicals

Proposal for a directive (COM(2016)0758 – C8-0529/2016 – 2016/0374(CNS))

Amendment 1

Proposal for a directive

Recital -1 (new)

Text proposed by the Commission

Amendment

(-1) The difference between expected VAT revenues and VAT actually collected (the so-called 'VAT gap') in the Union was approximately EUR 170 billion in 2013 and cross-border fraud amounts to a VAT revenue loss in the Union of approximately EUR 50 billion a year, all of which makes VAT an important issue to be addressed at Union level.

Amendment 2

Proposal for a directive

Recital 1

Text proposed by the Commission

Amendment

(1) Council Directive 2006/112/EC¹ provides that Member States may apply reduced rates of value added tax (VAT) to publications on any means of physical

(1) Council Directive 2006/112/EC¹ provides that Member States may apply reduced rates of value added tax (VAT) to publications on any means of physical

support. However, a reduced VAT rate cannot be applied to electronically supplied publications, which have to be taxed at the standard VAT rate.

support. However, a reduced VAT rate cannot be applied to electronically supplied publications, which have to be taxed at the standard VAT rate, ***thereby creating a disadvantage for electronically supplied publications and holding back the development of this market. That comparative disadvantage could impede the development of the digital economy in the Union.***

Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

Amendment 3

Proposal for a directive Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) In its resolution of 13 October 2011 on the future of VAT^{1a}, 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’.

^{1a} P7_TA(2011)0436.

Amendment 4

Proposal for a directive Recital 2

Text proposed by the Commission

Amendment

(2) In line with the Commission's Digital Single Market Strategy¹ ***and in order to keep abreast of technological progress in a digital economy***, Member States should be enabled to align the VAT rates for electronically supplied publications with

(2) In line with the Commission's Digital Single Market Strategy¹, ***its ambition to ensure Europe's global competitiveness and world leadership in the digital economy***, Member States should be enabled to align the VAT rates for

lower VAT rates for publications on any means of physical support.

electronically supplied publications with lower VAT rates for publications on any means of physical support, *thereby stimulating innovation, creation, investment and the production of new content, and facilitating digital learning, knowledge transfer and the access to, and promotion of, culture in the digital environment.*

COM(2015) 0192 final

COM(2015) 0192 final

Amendment 5

Proposal for a directive Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) Allowing Member States to apply reduced, super-reduced or zero rates to printed publications and electronic publications should ensure the transfer of economic benefits to consumers, thereby promoting reading, and to publishers, thereby encouraging investment in new content and, in the case of newspapers and magazines, reducing reliance on advertising.

Amendment 6

Proposal for a directive Recital 3

Text proposed by the Commission

Amendment

(3) In the Action Plan on VAT⁹, the Commission outlined that electronically supplied publications should be able to benefit from the same preferential VAT rate treatment as publications on any means of physical support. To achieve this aim, this needs to include the possibility for all Member States to apply to the supply of books, newspapers and

(3) In the Action Plan on VAT⁹, the Commission outlined that electronically supplied publications should be able to benefit from the same preferential VAT rate treatment as publications on any means of physical support. To achieve this aim, this needs to include the possibility for all Member States to apply to the supply of books, newspapers and

periodicals either a reduced VAT rate or lower reduced VAT rates including the possibility of granting exemptions with deductibility of the VAT paid at the preceding stage.

⁹ COM(2016) 148 final

Amendment 7

Proposal for a directive Recital 3 a (new)

Text proposed by the Commission

periodicals either a reduced VAT rate or lower reduced VAT rates including the possibility of granting exemptions with deductibility of the VAT paid at the preceding stage. ***That proposal is in line with the objective of granting Member States more freedom to set their own VAT rates within a definitive destination-based VAT system.***

⁹ COM(2016) 148 final

Amendment

(3 a) In line with the Action Plan on VAT, this Directive aims 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.

Amendment 8

Proposal for a directive Recital 5

Text proposed by the Commission

(5) In order to prevent an extensive use of reduced VAT rates to audio-visual content, Member States should be enabled to apply a reduced rate to books, newspapers and periodicals, only if these publications, both on any means of physical support or electronically supplied, do not wholly or predominantly consist of music or video content.

Amendment

(5) In order to prevent an extensive use of reduced VAT rates to audio-visual content, Member States should be enabled to apply a reduced rate to books, newspapers and periodicals, only if these publications, both on any means of physical support or electronically supplied, do not wholly or predominantly consist of music or video content. ***Taking into account the importance of facilitating access to books, newspapers and periodicals for persons who are blind, visually impaired or otherwise print-***

disabled within the meaning of Directive ... of the European Parliament and of the Council^{1a}, 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.

^{1a} Directive ... of the European Parliament and of the Council on certain permitted uses of works and other subject-matter protected by copyright and related rights for the benefit of persons who are blind, visually impaired or otherwise print disabled and amending Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society (COM(2016) 596 final, 2016/0278 (COD)) (OJ ..., p. ...).

Amendment 9

Proposal for a directive Recital 5 a (new)

Text proposed by the Commission

Amendment

(5 a) Granting freedom to Member States to apply reduced or super-reduced VAT rates for e-books, e-newspapers and e-periodicals could provide an opportunity for new profit margins for publishers and for investment in new content, compared to the current model which depends heavily on advertisement. A more general reflection on the funding model of e-content should also be started at Union level.

Amendment 10

Proposal for a directive Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) The flexibility granted to Member States in the context of the current proposal in no way prejudices the definitive VAT regime to be rolled out and in the context of which any increase in flexibility will have to be balanced against the impact on the functioning of the single market, the scope for VAT fraud, the rise in business costs and the risk of unfair competition.

Amendment 11

Proposal for a directive Recital 6 b (new)

Text proposed by the Commission

Amendment

(6b) Although this Directive allows Member States to rectify a situation of unequal treatment, it does not remove the need for a more coordinated, efficient and simpler system of reduced VAT rates with fewer exceptions.

Amendment 12

Proposal for a directive Article 1 – paragraph 1 – point 3 Directive 2006/112/EC Annex III – point 6

Text proposed by the Commission

Amendment

(6) the supply, including on loan by libraries, of books, newspapers and periodicals, other than publications wholly or predominantly devoted to advertising and other than publications wholly or predominantly consisting of music or video

(6) the supply, including on loan by libraries, of books, newspapers and periodicals, other than publications wholly or predominantly devoted to advertising and other than publications wholly or predominantly consisting of music or video content; ***including brochures, leaflets and***

content;

similar printed matter, children's picture, drawing or colouring books, music printed or in manuscript form, maps and hydrographic or similar charts.

Justification

In the current Directive, the above-mentioned categories are included in Annex III, point (6). In the text proposed by the Commission, these categories are not mentioned anymore. Therefore, in order to avoid different interpretations by Member States, the Commission should 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.

Amendment 13

Proposal for a directive Article 2 a (new)

Text proposed by the Commission

Amendment

Article 2 a

Monitoring

The European Commission shall, by ... three years after the entry into force of this Directive, 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.