



**2016/0374(CNS)**

26.4.2017

# **OPINION**

of the Committee on Culture and Education

for the Committee on Economic and Monetary Affairs

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 (COM(2016)0758 – C8-0529/2016 – 2016/0374(CNS))

Rapporteur: Bogdan Andrzej Zdrojewski

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## **SHORT JUSTIFICATION**

### **Purpose and scope**

The Commission's proposal is part of a broader VAT package designed to bring VAT rules into line with the realities of an increasingly digital economy. The package as a whole seeks to cut compliance costs and complexity for businesses, drive down non-compliance-related revenue losses for Member States and ensure that EU businesses are not disadvantaged vis-à-vis non-EU businesses because of VAT rules on imported goods. The package was already announced in the Digital Single Market Strategy and the VAT Action Plan.

The specific proposal to amend Directive 2006/112/EC (the VAT Directive) would enable Member States to apply the same VAT rate to e-publications (for example, e-books, e-newspapers and e-periodicals) as to print publications. Under existing rules, e-publications are treated as "electronically supplied services" and are thus subject to a minimum 15% tax rate. By contrast, Member States may tax physical publications at a reduced rate (minimum 5%), while some Member States have been granted the right to go below 5% (super-reduced rates) or even to apply zero rates to certain publications.

The proposal thus puts forward small technical adjustments to the VAT Directive to enable Member States to apply reduced rates, super-reduced rates or zero rates of VAT to e-publications.

### **Position of the Rapporteur**

The Rapporteur welcomes the proposal, which reflects the Parliament's long-held view that the distinction in VAT law between physical and electronic publications is untenable in the digital age. The new legislation should establish clarity in the media and books market, help businesses to explore new models (such as offers combining physical and e-books, which were previously impossible) and ultimately drive down prices for consumers, thus boosting access to cultural content.

The Rapporteur has proposed two targeted amendments to the Commission proposal. The first underscores that creating a level playing field in terms of VAT rules between physical and electronic publication formats should help to drive innovation and investment in creative content and thus improve overall access to cultural goods and educational materials. The Rapporteur underlines, in this context, the increasing role of digital cultural and creative content distribution in facilitating access to cultural materials and enabling authors and content providers to reach new and larger audiences. The second is merely a point of clarification. As audio publications are currently treated for VAT purposes in the same way as classic physical publications, so adapted and audio versions of e-publications are to be treated in the same way as ordinary e-publications. This is important to ensure that people who are blind, visually impaired or print-disabled can benefit from this change to the VAT rules. The Commission has clarified that adapted and audio e-publications would qualify for reduced VAT rates under the proposal. The amendment to the recital is included therefore to underscore this point and explain its rationale.

## AMENDMENTS

The Committee on Culture and Education calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to take into account the following amendments:

### Amendment 1

#### 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<sup>1a</sup>, 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’.***

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<sup>1a</sup> P7\_TA(2011)0436.

### Amendment 2

#### Proposal for a directive

##### Recital 2

*Text proposed by the Commission*

*Amendment*

(2) In line with the Commission's Digital Single Market Strategy<sup>8</sup> 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 lower VAT rates for publications on any means of physical support.

(2) In line with the Commission's Digital Single Market Strategy<sup>8</sup> and in order to keep abreast of technological progress in a digital economy, ***in order to stimulate innovation, creation, investment and the production of new content, and in order to facilitate digital learning, knowledge transfer and the access to, and promotion of, culture in the digital environment***, Member States should be enabled to align the VAT rates for electronically supplied publications with lower VAT rates for publications on any means of physical support. ***Revenue raised by aligning those electronic and physical VAT rates should be reinvested to ensure the growth of the sector.***

### Amendment 3

#### 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, thus promoting reading, and also to publishers, thus encouraging investment in new content and, in the case of newspapers and magazines, reducing reliance on advertising.***

### Amendment 4

#### Proposal for a directive

##### Recital 5

*Text proposed by the Commission*

*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.

(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<sup>1a</sup>, 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 can also be applied to those formats.*

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*<sup>1a</sup> 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. ...).*

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Rates of value added tax applied to books, newspapers and periodicals						
<b>References</b>	COM(2016)0758 – C8-0529/2016 – 2016/0374(CNS)						
<b>Committee responsible</b> Date announced in plenary	ECON 16.1.2017						
<b>Opinion by</b> Date announced in plenary	CULT 16.1.2017						
<b>Rapporteur</b> Date appointed	Bogdan Andrzej Zdrojewski 15.2.2017						
<b>Discussed in committee</b>	22.3.2017						
<b>Date adopted</b>	25.4.2017						
<b>Result of final vote</b>	<table> <tr> <td>+: </td><td>30</td></tr> <tr> <td>–: </td><td>0</td></tr> <tr> <td>0: </td><td>0</td></tr> </table>	+:	30	–:	0	0:	0
+:	30						
–:	0						
0:	0						
<b>Members present for the final vote</b>	Isabella Adinolfi, Dominique Bilde, Andrea Bocskor, Nikolaos Chountis, Angel Dzhambazki, Jill Evans, María Teresa Giménez Barbat, Giorgos Grammatikakis, Petra Kammerevert, Andrew Lewer, Svetoslav Hristov Malinov, Curzio Maltese, Stefano Maullu, Luigi Morgano, Momchil Nekov, John Procter, Michaela Šojdrová, Yana Toom, Helga Trüpel, Sabine Verheyen, Julie Ward, Theodoros Zagorakis, Bogdan Andrzej Zdrojewski, Milan Zver, Krystyna Łybacka						
<b>Substitutes present for the final vote</b>	Norbert Erdős, Elena Gentile, Dietmar Köster, Ilhan Kyuchyuk, Emma McClarkin						

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

30	+
ECR	Angel Dzhambazki, Andrew Lewer, Emma McClarkin, John Procter
GUE/NGL	Nikolaos Chountis, Curzio Maltese
PPE	Andrea Bocskor, Norbert Erdős, Svetoslav Hristov Malinov, Stefano Maullu, Sabine Verheyen, Theodoros Zagorakis, Bogdan Andrzej Zdrojewski, Milan Zver, Michaela Šojdrová
S&D	Elena Gentile, Giorgos Grammatikakis, Petra Kammerevert, Dietmar Köster, Luigi Morgano, Momchil Nekov, Julie Ward, Krystyna Łybacka
Vers/ALE	Jill Evans, Helga Trüpel
ALDE	María Teresa Giménez Barbat, Ilhan Kyuchyuk, Yana Toom
EFDD	Isabella Adinolfi
ENF	Dominique Bilde

0	-
-	-

0	0
-	-

Key to symbols:

+ : in favour

- : against

0 : abstention