

WRITTEN QUESTION E-3841/02  
by Walter Veltroni (PSE)  
to the Commission

Subject: VAT on compact discs

The market in audiovisual and multi-media products has always been subject to a high rate of taxation. This sets off a chain reaction which, because of high prices, discourages people from buying recordings, especially of music. The low demand affects royalties, discourages creativity and has a negative impact on the potential of a market which would otherwise be much more vibrant and profitable, since the number of copies sold would increase. This situation induces many potential purchasers to buy goods obtained by unlawful means.

The market in pirate discs and the availability of music via the Internet, made possible by 'peer-to-peer' systems, further discourage sales by offering an alternative product, often of adequate quality, to most potential purchasers of music CD's. In addition, illicit and alternative markets are flourishing, often using sales networks operated by illegal immigrants.

In view of the frequent requests it receives to apply a lower rate of taxation to multi-media such as CD's, CD-ROMs and DVD's and to activities in the cultural and audiovisual sphere in the broad sense, does the Commission intend, in the context of the forthcoming revision of Directive 77/388/EEC<sup>1</sup> on VAT, to commit itself to proposing a change in the provisions of the Directive with a view to decisively lowering the rate of taxation on cultural goods and services and including CD's in Annex H (which already covers other 'cultural products' such as books), in order to promote the full enjoyment of 'means of disseminating culture' throughout Europe and discourage the unlawful parallel market?

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<sup>1</sup> OJ L 145, 13.6.1977. p. 1.