

VAT/GST on Books & E-books

An IPA/FEP Global Special Report



20th July 2015

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About Us

The International Publishers Association (IPA) is a federation of national, regional and specialist publishers' associations. Its membership comprises more than 60 organisations from more than 50 countries in Africa, Asia, Australia, Europe and the Americas.

The Federation of European Publishers (FEP) is an independent, non-commercial umbrella association of book publishers associations in the European Union. FEP represents 28 national associations of book publishers of the European Union and of the European Economic Area.

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I. Introduction: About the Global Survey

The International Publishers Association (IPA) and the Federation of European Publishers (FEP) carried out a global survey of the levels of Value-Added Tax (VAT) or Goods & Services Tax (GST) currently being applied to printed books and e-books, quantifying the extent of reduced-rate or zero-rate tax regimes. The survey reveals wide contrasts between print and digital, as well as between nations and between regions.

IPA and FEP interviewed contacts in 79 countries (36 in Europe, 13 in Asia, 13 in Africa, 9 in Latin America, 5 in the Middle East, plus Canada, Australia and New Zealand. The United States was not included in the survey, as each state has its own individual sales tax regime). We collected answers to the following questions:

- What is the standard VAT/GST rate?
- Does a special VAT/GST regime apply to books?
- Does a special VAT/GST regime apply to e-books? (Information for 77 out of 79 countries)

II. Key Findings

Worldwide, only **22%** of countries apply the standard rate of VAT to printed books, while a large majority of nations (**69%**) apply standard VAT to e-books.

37 countries apply the **same rate** of VAT/GST to print and e-books.

35 countries apply a **higher** rate of VAT/GST to **e-books** than to print.

The average VAT/GST rate applied to printed books is **5.75%**.

The average VAT/GST rate applied to e-books is **12.25%**.

Chile is the only Latin American country not to apply zero-rate VAT to printed books.

Israel is the only Middle Eastern country which applies standard VAT to printed books.

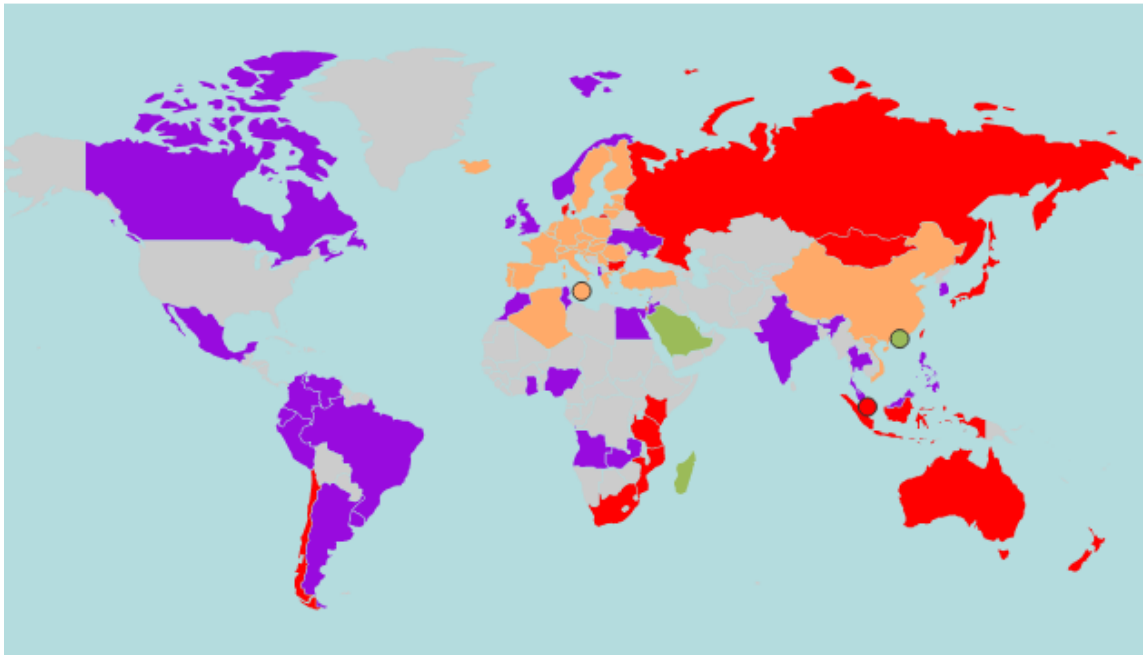
Standard VAT rates in **Asia (8.6%)** are significantly lower than in **Europe (21%)**.

The majority of **African** countries surveyed (8 out of 13) have zero-rate VAT on printed books.

Denmark applies the highest VAT rate on printed books (25%).

Hungary applies the highest VAT rate on e-books (27%).

III. Printed Books and VAT/GST, 2015



Purple: Zero-rate of VAT/GST for printed books
Orange: Reduced rate of VAT/GST for printed books
Red: Standard rate of VAT/GST for printed books
Green: No VAT regime

Headlines

17 countries (22%) apply the standard rate of VAT to printed books

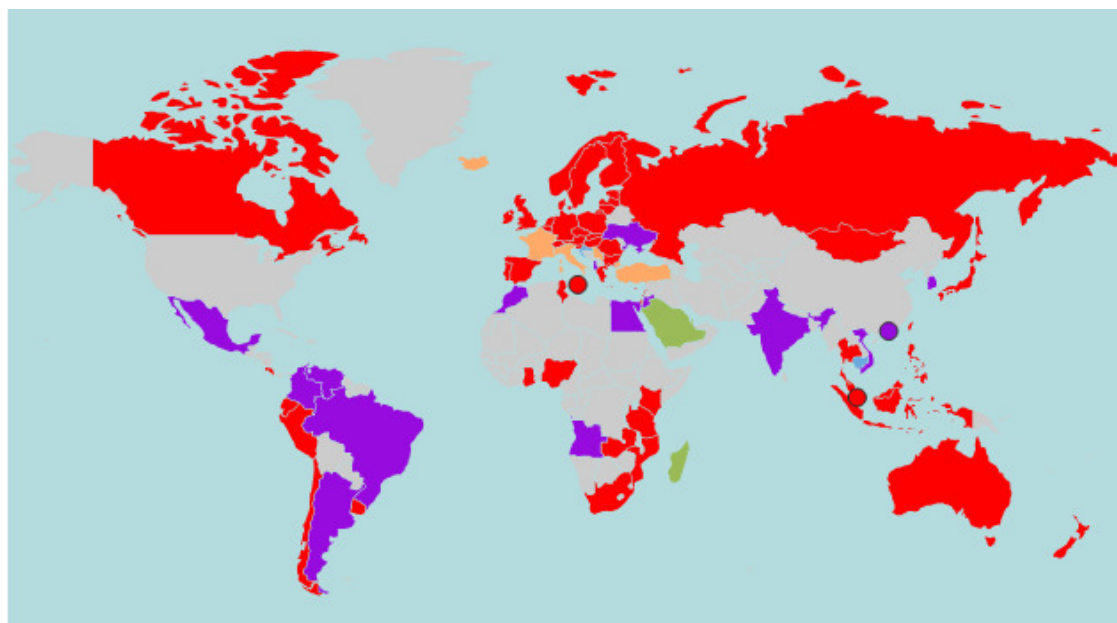
31 countries (39%) apply a zero rate on printed books, or have no VAT

31 countries (39%) apply a reduced VAT rate on printed books

3 countries apply a reduced or zero-rate rate of VAT to books with educational or scientific content

The map reveals some distinct regional approaches towards VAT/GST on printed books. Within the European Union, only Denmark and Bulgaria apply full VAT/GST, while the UK and Ireland are the only countries to apply a zero rate. In Latin America, Chile is the only country to apply full VAT/GST, while the norm across the continent is to apply zero-rate. In Africa and Asia, in contrast, there is no standard regional approach.

IV. E-Books and VAT/GST, 2015



Purple: Zero-rate of VAT/GST for e-books
Orange: Reduced rate of VAT/GST for e-books
Red: Standard rate of VAT/GST for e-books
Green: No VAT regime

Headlines

53 countries (69%) apply the standard rate of VAT to e-books

18 countries (23%) apply a zero rate to e-books, or have no VAT

4 countries (5%) apply a reduced rate of VAT to e-books

The vast majority of countries continue to apply the full rate of VAT/GST to e-books. Only four countries (France, Italy, Iceland, Turkey) apply reduced VAT/GST to e-books. Latin American countries have largely harmonised their VAT/GST regimes, applying the same zero rate to print and to e-books.

V. The case for zero-rate VAT on books and e-books

José Borghino, Policy Director, International Publishers Association

The IPA has consistently advocated a shift to a zero rate of VAT/GST on all books.

Our reasoning, simply put, is that the medium- and long-term social, cultural and economic advantages of such a shift far outweigh the minor inconvenience of creating another 'special case'. In fact, we unapologetically embrace the notion that books are a special kind of commodity and that they should be treated as such. The fact that many countries already apply reduced rates of VAT/GST to physical books is a clear acknowledgement of the strategic importance of books (notably, but by no means only, in education). Those countries that have not already done so should take the next step and zero rate books.

We believe a zero VAT/GST rate to be the best way to support reading, education and a thriving knowledge economy. And a zero VAT/GST rate does so even-handedly, across the board. Many government policies that support writing or reading require bias — benefitting certain works over others. Lowering VAT/GST rates, however, supports *all* writing and *all* reading, ensuring that governments do not interfere with selection and empowering readers' choices instead.

Books are the engines of knowledge acquisition and transfer, and the digital economy of the future depends on their flourishing. The circulation of books, however, is particularly sensitive to price and they are therefore especially vulnerable to the imposition of a VAT/GST. Taxing books restricts their circulation, which is of concern to developing countries trying to bridge a knowledge deficit, but should also worry developed countries trying to maintain their competitive advantage.

In the IPA's view, these arguments stand, whether a book exists in hard copy or is digital.

However, in many countries, e-books continue to be subject to an unwarranted discrimination that neglects technological developments. Even where printed books (or p-books) are zero-rated or have reduced rates of VAT/GST, e-books are deemed to incur a higher rate purely because they are delivered digitally. This distinction is holding back the development of the e-book market in general, and especially in non-English and small-language markets. In the new digital environment where consumers expect lower prices and authors ask for more royalties, the application of higher VAT/GST rates on e-books (as compared to p-books) increases their relative price, restricts their market, and runs contrary to numerous initiatives to promote digital literacy. This different VAT/GST treatment disproportionately affects persons with print disabilities, who often have no choice but to buy the digital version of a book, which is more accessible to visually impaired people but is also subject to a higher VAT/GST rate and is therefore often more expensive.

Reducing VAT on e-books makes obvious sense if we want to keep reading affordable, regardless of format.

In order to support the knowledge economy, to encourage reading, and to promote the benefits of life-long education, the IPA recommends a zero-rating for books no matter what their format is and how they are accessed.

VI. Developments within the European Union

Enrico Turrin, Deputy Director/Economist, Federation of European Publishers

Reduced rates of VAT for print books, a staple of EU legislation, are currently applied by 26 out of 28 Member States, in recognition of the cultural, social and economic benefits of reading and book circulation. In 2009, the EU took another positive step by allowing reduced rates for books on all physical supports; 14 Member States have implemented this provision (the latest being Germany – limited to audiobooks – and Malta). The next logical step is to let Member States apply the same fiscal regime to all types of books.

France and Luxembourg did that in 2012 – prompting an infringement procedure by the European Commission – and as of 2015, Italy followed their example. Ruling against France and Luxembourg in March 2015, the CJEU asserted that the current legal framework on reduced rates excludes e-books accessed via download or streaming (Luxembourg reverted to standard VAT in May). In our view, this has increased the urgency of taking action to redress the fiscal discrimination.

The previous Commission acknowledged the importance of the topic in several occasions, but the initiative was finally deferred; some encouraging signs have come from the new Commission, which is likely to address the issue within a broader review of the VAT system, due in 2016. We hope, especially after the declarations of President Juncker, Vice-President Ansip and Commissioner Oettinger, for the process to be set in motion soon. The European Parliament has clearly expressed its support several times; however, any proposal will need unanimous approval by the Council. The joint declaration in this sense by the Ministers of Culture of France, Germany, Italy and Poland is encouraging, though we know that there is still some way to go to achieve this unanimity.

VII. Country Data

Country		Standard VAT/GST rate	VAT/GST rate, printed books	VAT/GST rate, e-books
Africa	Algeria	17	7	No info
Africa	Angola	5-15	0	0
Africa	Egypt	10	0	0
Africa	Ghana	17.5	0	17.5
Africa	Kenya	16	16	16
Africa	Madagascar	0	0	0
Africa	Morocco	20	0	0
Africa	Mozambique	17	17	17
Africa	Nigeria	5	0	5
Africa	South Africa	14	14	14
Africa	Tanzania	18	18	18
Africa	Tunisia	18	0	18
Africa	Zambia	16	0	16
Asia	China	17	13	No info
Asia	Hong Kong	0	0	0
Asia	India	5-15	0	0
Asia	Indonesia	10	10	10
Asia	Japan	8	8	8
Asia	Malaysia	6	0	6
Asia	Mongolia	10	10	10
Asia	Philippines	12	0	12
Asia	Singapore	7	7	7
Asia	South Korea	10	0	0
Asia	Taiwan	5	5	5
Asia	Thailand	7	0	7
Asia	Vietnam	10	5	0
Australasia	Australia	10	10	10
Australasia	New Zealand	15	15	15
Europe	Albania	20	0	0
Europe	Austria	20	10	20
Europe	Belgium	21	6	21
Europe	Bulgaria	20	20	20
Europe	Croatia	25	5	25
Europe	Cyprus	19	5	19
Europe	Czech Republic	21	10	21
Europe	Denmark	25	25	25

Europe	Estonia	20	9	20
Europe	Finland	24	10	24
Europe	France	20	5.5	5.5
Europe	Germany	19	7	19
Europe	Greece	23	6.5	23
Europe	Hungary	27	5	27
Europe	Iceland	24	11	11
Europe	Ireland	23	0	23
Europe	Italy	22	4	4
Europe	Latvia	21	12	21
Europe	Lithuania	21	9	21
Europe	Luxembourg	17	3	17
Europe	Malta	18	5	18
Europe	Netherlands	21	6	21
Europe	Norway	25	0	25
Europe	Poland	23	5	23
Europe	Portugal	23	6	23
Europe	Romania	24	9	24
Europe	Russia	18	18	18
Europe	Serbia	20	10	10
Europe	Slovakia	20	10	20
Europe	Slovenia	22	9.5	22
Europe	Spain	21	4	21
Europe	Sweden	25	6	25
Europe	Switzerland	8	2.5	8
Europe	Turkey	18	8	8
Europe	United Kingdom	20	0	20
Europe	Ukraine	20	0	0
LatAm	Argentina	21	0	0
LatAm	Brazil	17-19	0	0
LatAm	Chile	19	19	19
LatAm	Colombia	16	0	0
LatAm	Ecuador	12	0	12
LatAm	Mexico	16	0	0
LatAm	Peru	18	0	18
LatAm	Uruguay	22	0	22
LatAm	United Kingdom	20	0	20
LatAm	Venezuela	12	0	0
Mid-East	Israel	18	18	18
Mid-East	Jordan	16	0	0
Mid-East	Lebanon	10	0	10

Mid-East	Qatar	0	0	0
Mid-East	Saudi Arabia	0	0	0
North Am	Canada	5	0	5

Acknowledgements

The IPA and FEP would like to thank everyone who submitted information for the report: Rogreta Shani (Albania), Pedro Casqueiro and Elsa Furtado (Angola), Ana María Cabanellas (Argentina), Michael Gordon-Smith (Australia), Karine Pansa and Francisco Bilac (Brazil), Kate Edwards (Canada), Marcelo Avilés, Daniel Calabrese and Jennifer King (Chile), Scarlett Yu (China), Enrique Gonzalez (Colombia), Seid Serdarevic (Croatia), Ahmed Bedeir (Egypt), Kwabena Agyepong and Jojo Ampah (Ghana), Janice Yip (Hong Kong), Egill Jóhannsson (Iceland), Ashok Gupta and Jaya Bhattacharji Rose (India), Mark Hanusz (Indonesia), Racheli Edelman (Israel), Ala' Alsallal (Jordan), Lawrence Njagi and James Mugendi (Kenya), Ji-yeon Lee (Korea), Pierre Sayegh (Lebanon), Marie Michele Razafintsanama (Madagascar), Arief Hakim (Malaysia), Ángela Díaz, Hugo Setzer and Enrique Gonzalez (Mexico), Zorig Enkhbat (Mongolia), Yussuf Mahomed (Mozambique), Kevin Chapman (New Zealand), E.A. Abimbola (Nigeria), Ameena Saiyid (Pakistan), Alberto Almendres and Eduardo Guzman (Peru), Anthony De Luna (Philippines), Arend Kuster (Qatar), Simon Dunlop and Irina Gusinskaya (Russia), Abdulrahman Alhamdan (Saudi Arabia), Vuk Vukicevic and Aleksandar Rajkovic (Serbia), Peter Schoppert (Singapore), Mpuka Radinku (South Africa), Wei An Ho (Taiwan), Walter Bgoya (Tanzania), Trasvin Jittidecharak (Thailand), Mohamed Salah Maalej (Tunisia), Yonca Cingöz (Turkey), Vadym Aleksandrov (Ukraine), CAVELIBRO (Venezuela), Stan Gunn (Vietnam) and Bharat Nayee (Zambia).