

AmCham EU's response to the public consultation on reduced VAT rates for electronically supplied publications

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AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €2 trillion in 2015, directly supports more than 4.3 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

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16 September 2016

2. Important notice on the publication of responses

Please note: In order to ensure a fair and transparent consultation process, only responses received through our online questionnaire will be taken into account.

Contributions received are intended for publication “as submitted” and this respondent by respondent and question by question on the Commission’s websites. Below, you have the possibility to indicate whether you agree to the publication of your individual responses under your name or anonymously.

Furthermore, the European Commission will prepare a synopsis report summarising all responses received (including those by respondents not agreeing to publication of their individual responses).

*** 2.1 Do you agree to your individual contribution being published?**

- Yes, I consent to all of my answers being published under my name.**
- Yes, I consent to all of my answers being published anonymously.**
- No, I do not want my response to be published**

*** 2.2 I declare that none of the information I provide in this consultation is subject to copyright restrictions.**

- Yes
- No

3. General Information on you as participant

*** 3.1 Are you replying as a(n)/on behalf of ...**

- Author
- Company/enterprise
- Organisation, trade/business/professional association, consultancy, law firm
- Member State or other Public authority
- Researcher, academic institutions, think tank
- Reader
- Other

If other, please indicate:

*** 3.2 Please enter your name/the name of your company or organisation: American Chamber of Commerce to the European Union (AmCham EU)**

*** 3.3 Please enter your e-mail address: eje@amchameu.eu**

*** 3.4 Where do you live or where is the headquarter of your company or organisation?**

- Austria
- Belgium

CONSULTATION RESPONSE

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> Croatia |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Czech Republic |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Estonia |
| <input type="checkbox"/> Finland | <input type="checkbox"/> France |
| <input type="checkbox"/> Germany | <input type="checkbox"/> Greece |
| <input type="checkbox"/> Hungary | <input type="checkbox"/> Ireland |
| <input type="checkbox"/> Italy | <input type="checkbox"/> Latvia |
| <input type="checkbox"/> Lithuania | <input type="checkbox"/> Luxembourg |
| <input type="checkbox"/> Malta | <input type="checkbox"/> Netherlands |
| <input type="checkbox"/> Poland | <input type="checkbox"/> Portugal |
| <input type="checkbox"/> Romania | <input type="checkbox"/> Slovak Republic |
| <input type="checkbox"/> Slovenia | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Sweden | <input type="checkbox"/> United Kingdom |
| <input type="checkbox"/> Other | |

If other, please indicate:

* 3.5 Please indicate the main field (or fields) of economic activity of your enterprise, or the main field of economic activity your organisation represents:

- Publishing of books, newspapers, periodicals, music or video recordings
- Printing of books, newspapers, periodicals etc.
- Wholesale and retail sale of books, newspapers, periodicals, music and video recordings
- Other wholesale and retail trade
- Other

If other, please indicate:

AmCham EU is a cross-sectorial business organisation speaking for over 160 American companies committed to Europe on trade, investment and competitiveness issues.

3.5.1 What is the field of activity of your company/enterprise?

- Both printed and e-publications
- Only printed publications
- Only e-publications

* 3.6 Is your organisation, trade/business/professional association, consultancy, law firm established in the [Transparency Register](#)?

- Yes
- No

* Please indicate your Register ID number:
5265780509-97

* 3.7 Number of employees in your company/enterprise

- 1-9
- 10-49

CONSULTATION RESPONSE

- 50-249
 250 or more

4. Books

The questions in this chapter aim at gathering your opinion about the application of reduced VAT rates to e-books.

26 out of 28 Member States apply a reduced VAT rate to printed books. These rates currently range between 0% and 12%.

E-books have to be taxed at the standard VAT rate, which lies between 17% and 27% depending on the Member State.

* 4.1 Should Member States be allowed to apply a **reduced VAT rate** to e-books?

- Yes
 No
 Don't know

* 4.2 In your view, what would be the effects of reducing VAT rates for e-books on the consumer price for those e-books?

- Price goes down, by the amount the VAT is reduced.
 Price goes down, but by less than the amount the VAT is reduced.
 Price will remain the same, because sellers will not pass the VAT cut on to consumers.
 Don't know.

* 4.3 If the VAT cuts are not fully passed on to final consumers, profit margins for publishers would increase. In your view, what consequences would this have on the industry? (Please check all that apply)

- The sector will invest in new content.
 Authors would negotiate higher royalties.
 Increased profitability will be used to cover operating losses but will not induce other changes.
 The sector will invest in fixed capital (e.g. modernising IT infrastructure /- hardware and software).
 Don't know.

* 4.4 Assuming that prices for e-books were to fall by 5-10%, what would be, in your opinion, the reaction of most consumers?

- Many consumers would switch from printed to e-books.
 Some consumers would switch from printed to e-books.
 Consumers would buy roughly the same amount of printed books, but buy more e-books.
 Consumers would not change their behaviour significantly.
 Don't know.

* 4.5 In your view, what would be the impact of reduced prices for e-books for the printing industry, pulp and paper industry, and book stores?

CONSULTATION RESPONSE

- No impact
 Reduced demand for print and reduced number of book stores
 Don't know

Do you have further comments on the questions in this section and in particular the economic impacts from a reduced rate on e-books or other impacts such as social, cultural, or educational impacts? (optional)

2000 character(s) maximum

5. Definition of an e-book

The current VAT legislations does not further define what is a book. Member States can introduce national definitions in order to restrict the application of the reduced VAT rates, e.g. by granting the reduced VAT rate only to books with an International Standard Book Number (ISBN).

* 5.01 In comparison to printed books, e-books can include features such as audio, video, hypertext and customisation functions. Do you offer, or envisage to offer in the future, paid access (this could include subscription services) to e-books including audio and video content alongside text?

- We currently sell e-books with audio and video content alongside text.
 We currently do not sell e-books with audio and video content but think that the market may soon demand it.
 We do not envisage, in the foreseeable future, selling e-books with audio and video content alongside text.
 Not applicable

* 5.1 The introduction of reduced rates might require a definition of an e-book in order to distinguish between written and audio/video content for VAT purposes. This could be done at Member State level, ensuring greater flexibility, but with the consequence of diverging definitions from one Member State to another. What is your opinion with regard to a definition of the term “e-book” for VAT purposes?

- There is a need to define the term in a uniform way at EU level.
 A broad definition of the term is sufficient at EU level.
 No definition is needed at EU level. Member States can implement specific national definitions of the term.
 A book is a book. No definition is needed at EU or national level.
 I have no opinion on this matter.

You might propose a definition of the term “e-book” to be used in EU law or justify further why no definition is needed. (optional)

2000 character(s) maximum

5.2 Can you give examples of e-books that predominantly consist of video content? (optional)

2000 character(s) maximum

6. Newspapers, periodicals

The questions in this chapter aim at gathering your opinion about the applications of reduced VAT rates for e-newspapers and e-periodicals.

26 out of 28 Member States apply a reduced VAT rate to printed newspapers and periodicals. These rates currently range between 0% and 15%.

E-newspapers and e-periodicals have to be taxed at the standard VAT rate, which lies between 17% and 27% depending on the Member State.

* 6.1 Should Member States be allowed to apply a reduced VAT rate to e-newspapers and e-periodicals, too?

- Yes
- No
- Don't know

* 6.2 In your view, what would be the effects of reducing VAT rates on consumer price for e-newspapers and e-periodicals?

- Prices goes down, by the amount the VAT rate is reduced.
- Price goes down, but by less than the amount the VAT is reduced.
- Price will remain the same.
- Don't know

* 6.3 If the VAT cuts were not passed on (fully) to consumers, profit margins would increase. What would be the effect of this on the sector?

- The sector will invest in new content.
- Authors/journalists could negotiate higher compensation/wages.
- The sector will invest in fixed capital (e.g. modernising IT infrastructure /- hardware and software).
- Increased profitability will create less dependence on advertising revenue.
- Increased profitability will reduce operating losses but will have little other impact.
- Don't know

* 6.4 Assuming that prices for e-newspapers and e-periodicals were to fall by 5-10%, what would be, in your opinion, the reaction of most consumers?

- Many consumers would switch from printed to e-newspapers/e-periodicals.
- Some consumers would switch from printed to e-newspapers/e-periodicals.
- Consumers would buy roughly the same amount of printed books, but buy more e-newspapers-e-periodicals.
- Consumers would not change their behaviour significantly.
- Don't know.

* 6.5 In your view, what would be the impact of reduced prices for e-newspapers/e-periodicals for the printing industry, pulp and paper industry, and newspaper stores?

- No impact
- Reduced demand for print and reduced number of newspaper stores
- Don't know

CONSULTATION RESPONSE

Do you have further comments on the questions in this section and in particular the impact of a reduced rate for e-newspapers/e-periodicals? (optional)

2000 character(s) maximum

7. Definition of an e-newspaper or e-periodical

The current VAT legislation does not further define what is a newspaper or periodical. Member States can introduce national definitions in order to restrict the application of the reduced VAT rates, e.g. by granting the reduced VAT rate only to newspapers or periodicals with an International Standard Serial Number (ISSN).

* 7.01 In comparison to printed newspapers and periodicals, e-newspapers and e-periodicals can include features such as audio, video, and hypertext. Do you offer, or envisage to offer in the future, paid access (this could include subscription services) to e-newspapers or e-periodicals, which include audio and video content alongside text?

- We currently offer paid services including audio and video content alongside text.
- We currently do not offer paid services including audio and video content but think that the market may soon demand it.
- We do not envisage, in the foreseeable future, offering paid services including audio and video content alongside text.
- Not applicable

* 7.1 The introduction of reduced rates might require a definition of an e-newspaper or an e-periodical in order to distinguish between written and audio/video content for VAT purposes. This could be done at Member State level, ensuring greater flexibility, but with the consequence of diverging definitions from one Member State to another. What is your opinion with regard to a definition of the term “e-newspaper” and “e-periodical” for VAT purposes?

- There is a need to define the terms in a uniform way at EU level.
- A broad definition of the terms is sufficient at EU level.
- No definition is needed at EU level. Member States can implement specific national definitions of the terms.
- A newspaper is a newspaper and a periodical is a periodical. No definitions are needed at EU or national level.
- I have no opinion on this matter.

In the following field, you can propose a definition of the terms “e-newspaper” and “e-periodical” to be used in EU law or give reasons why no definition is needed. (optional)

2000 character(s) maximum

7.2 Can you give examples of e-newspapers and e-publications that predominantly consist of audio and video content? (optional)

2000 character(s) maximum

* 7.3 Would the introduction of reduced VAT rates for e-newspapers and e-periodicals increase the administrative burden for your business?

CONSULTATION RESPONSE

- Yes
 No
 Don't know

In the following field, you can explain why the administrative burden would increase or would not increase for your business following assuming the introduction of reduced rates for e-newspapers and e-periodicals. (optional)

2000 character(s) maximum

8. Super-reduced and zero rates of VAT

For **certain printed publications**, 10 Member States were granted the applications of VAT rates lower than 5% (**super-reduced rates**) including exemptions with a deductions right of VAT at the preceding stage (so called **zero rates**).

* 8.1 Should those 10 Member States which were granted the possibility to apply VAT rates lower than 5% (super-reduced rates and zero rates) abolish them and align the rates applied to printed publications and e-publications to the level of a reduced VAT rate?

- Yes
 No
 Don't know

* 8.2 Should all Member States be generally allowed to apply super-reduced or zero VAT rates to **printed publications**?

- Yes
 No
 Don't know

* 8.3 Should Member States that are allowed to apply super-reduced or zero VAT rates to printed publications be also allowed to **apply the same rates to e-publications**?

- Yes
 No
 Don't know

9. Final remarks

9.1 Is there anything else you would like to bring to the attention of the European Commission?

2000 character(s) maximum

The VAT Action Plan provided various options in connection with rates (not specific to e-publications). Considering the recognition of the destination principle as a matter of policy, we would support options that would give more latitude to Member States on rates determination (i.e. standard, reduced, super-reduced) with some guidance on rates magnitudes (super reduced rates of 0% and 5%, etc.). To facilitate business and investment in the EU, such guidance should avoid wide variation in rates across the 28 Member States.

CONSULTATION RESPONSE

9.2 Should you wish to provide additional information (e.g. a position paper, report) or raise specific point not covered by the questionnaire, you can upload your additional document(s) here.