



## FEP-STM statement on VAT on publications and educational and training institutions

- Considering the report by the European Parliament “on new frontiers in book production: electronic publishing and printing on demand” of 10 January 2001 by MEP Barbara O’Toole;<sup>1</sup>
- Considering the “Study on the economic and technical evolution of the scientific publication markets in Europe” of January 2006, commissioned by DG Research of the European Commission;<sup>2</sup>
- Considering that books and journals are a fundamental tool for the diffusion of culture and knowledge and thus for the enhancement of competitiveness and employment, a key source of cultural and educational enrichment and learning for all citizens, related to school and professional achievements, to the improvement of skills and to enhancements in work productivity;
- Considering the detrimental effects of declines in readership not only in cultural, social and civic terms but also economically speaking, as books and journals are a decisive production factor for creativity, innovation and long-term development;
- Considering that for the time being electronic publications are given a substantially different treatment compared to printed ones with regard to taxation regimes.

The Federation of European Publishers (FEP), representing 26 national associations of book publishers of the European Union and of the European Economic Area, and the International Association of Scientific, Technical & Medical Publishers (STM), an association of about 100 scientific, technical, medical and scholarly publishers jointly state that:

- the lowest possible VAT (possibly zero) should apply to all kinds of books and journals, irrespective of the format in which they are produced, commercialised or delivered;
- that a higher VAT rate on electronic publications creates an unjustifiable market distortion, which violates the principle of fiscal neutrality by introducing an element of unfair competition between printed and electronic versions;

STM and FEP therefore recommend the concrete application of these principles as a way to favour libraries, cultural and educational institutions and in general all collective entities that purchase and provide public access to books and journals; this would eliminate distortions in documentary choices and buying capacities, while enhancing the purchasing power of those institutions.

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<sup>1</sup> The document calls on the Member States “to consider applying specific VAT arrangements to publications downloaded from the Internet” and “to ensure that whatever VAT exemptions or reductions are granted to educational and cultural institutions in respect of the purchase of nonelectronic publications are extended to their purchase of electronic publications”.

<sup>2</sup> The study states how “differences in VAT rates applied to print vs. electronic journals induced a bias in the libraries’ decision to continue subscribing to print journals, along with the electronic version”, a situation seen as having “several drawbacks”. According to the study, “as access to research publications is fundamental to the development of the European Research Area, taxes on scientific information should be reduced to the lowest or even zero rate.” The study proposes two solutions: “apply a reduced VAT rate to all type of scientific information, whether print or electronic”; or “introduce a tax refund mechanism”.