

## Electronic publications: Council agrees to allow reduced VAT rates

On 2 October 2018, the Council agreed a proposal allowing member states to apply reduced, super-reduced or zero VAT rates to electronic publications, thereby allowing alignment of VAT rules for electronic and physical publications.

The text will contribute to the EU's '**digital single market**' plan.

This proposal is part of our efforts to modernise VAT for the digital economy, and enables us to keep pace with technological progress.

*Hartwig Löger, minister for finance of Austria, which currently holds the Council presidency*

Under the current VAT rules (directive 2006/112/EC), **electronically** supplied services are taxed at the standard VAT rate, i.e. minimum 15%, whereas publications on a physical support may benefit from non-standard rates.

For **physical** publications – books, newspapers and periodicals – member states currently have the option of applying a 'reduced' VAT rate, i.e. minimum 5%. Some have been authorised to apply 'super-reduced' VAT rates (below 5%) or 'zero' rates (which involve VAT deductibility).

The directive will allow member states that so wish to apply reduced VAT rates to electronic publications as well. **Super-reduced and zero rates** will only be allowed for member states that currently apply them to 'physical' publications.

The new rules will apply **temporarily**, pending the introduction of a new, 'definitive' VAT system. The Commission has issued proposals for the new system, which would allow member states **more flexibility** than at present in setting VAT rates.

### Process

Agreement was reached at a meeting of the Economic and Financial Affairs Council. The directive will be adopted without further discussion once the text has been finalised in all official languages.

The directive requires unanimity within the Council, after consulting the European Parliament. (Legal basis: article 113 of the Treaty on the Functioning of the European Union.) The Parliament voted its opinion on 1 June 2017.

- [Text of the directive as agreed](#)

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