



**2016/0374(CNS)**

7.3.2017

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## **DRAFT REPORT**

on the proposal for a Council directive amending Directive 2006/112/EC, as regards rates of value added tax applied to books, newspapers and periodicals (COM(2016)0758 – C8-0529/2016 – 2016/0374(CNS))

Committee on Economic and Monetary Affairs

Rapporteur: Tom Vandenkendelaere

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council directive amending Directive 2006/112/EC, as regards rates of value added tax applied to books, newspapers and periodicals (COM(2016)0758 – C8-0529/2016 – 2016/0374(CNS))**

**(Special legislative procedure – consultation)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2016)0758),
  - having regard to Article 113 of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C8-0529/2016),
  - having regard to Rule 78c of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Culture and Education (A8-0000/2017),
1. Approves the Commission proposal as amended;
  2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union;
  3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
  4. Asks the Council to consult Parliament again if it intends to substantially amend the Commission proposal;
  5. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

### **Amendment 1**

#### **Proposal for a directive**

##### **Recital 1**

*Text proposed by the Commission*

(1) Council Directive 2006/112/EC<sup>1</sup> provides that Member States may apply reduced rates of value added tax (VAT) to publications on any means of physical support. However, a reduced VAT rate cannot be applied to electronically supplied publications, which have to be taxed at the

*Amendment*

(1) Council Directive 2006/112/EC<sup>1</sup> provides that Member States may apply reduced rates of value added tax (VAT) to publications on any means of physical support. However, a reduced VAT rate cannot be applied to electronically supplied publications, which have to be taxed at the

standard VAT rate.

standard VAT rate, ***thereby creating a disadvantage for electronically supplied publications and holding back the development of this market.***

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<sup>1</sup> Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

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<sup>1</sup> Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

Or. en

## Amendment 2

### Proposal for a directive Recital 2

*Text proposed by the Commission*

(2) In line with the Commission's Digital Single Market Strategy<sup>1</sup> and ***in order to keep abreast of technological progress in a*** digital economy, Member States should be enabled to align the VAT rates for electronically supplied publications with lower VAT rates for publications on any means of physical support.

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<sup>1</sup> COM(2015) 0192 final

*Amendment*

(2) In line with the Commission's Digital Single Market Strategy<sup>1</sup> and ***its ambition to ensure Europe's position as a world leader in the*** digital economy, Member States should be enabled to align the VAT rates for electronically supplied publications with lower VAT rates for publications on any means of physical support.

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<sup>1</sup> COM(2015) 0192 final

Or. en

## Amendment 3

### Proposal for a directive Recital 6 a (new)

*Text proposed by the Commission*

*Amendment*

***(6a) The flexibility granted to Member States in the context of the current***

*proposal in no way prejudices the definitive VAT regime to be rolled out and in the context of which any increase in flexibility will have to be balanced against the impact on the functioning of the single market, the scope for VAT fraud, the rise in business costs and the risk of unfair competition.*

Or. en

#### **Amendment 4**

#### **Proposal for a directive Recital 6 b (new)**

*Text proposed by the Commission*

*Amendment*

*(6b) While the current proposal allows Member States to rectify a situation of unequal treatment, it does not remove the need for a more coordinated, efficient and simpler system of reduced VAT rates with fewer exceptions.*

Or. en

## EXPLANATORY STATEMENT

Under the current VAT Directive (Council Directive 2006/12/EC), electronically supplied services including e-publications can only be taxed at the standard VAT rate of minimum 15%. As regards printed publications however, Member States are free to apply a reduced VAT rate (minimum 5%). Some Member States even obtained derogations allowing them to apply super-reduced (lower than 5%) or zero-rates.

Such a difference in treatment between printed and e-publications became less and less justifiable as the digital economy further developed. Therefore the Commission proposes to amend the VAT Directive and grant all Member States the *option* to apply the same reduced, super-reduced or even zero rates to electronically supplied publications as were already available for printed publications.

The supply of pure music and video content would continue to be taxed at the standard VAT rate, as would publications that predominantly consist of music and video content. Without prejudice to the interpretative powers of the Court of Justice, the proposal does not interfere with the Member States' discretion to specify the terms of "books, newspapers and periodicals" and "predominantly consisting of".

Your rapporteur welcomes this targeted proposal to correct the unequal VAT treatment of printed and e-publications, which has led to a significantly less favourable tax treatment of e-publications. He agrees with the Commission's choice to decouple this issue from the forthcoming general proposal on rates and urges the Council to swiftly adopt this long overdue legislative modification.