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Register of Interest Representatives N°: 9031106115-62

EBF Reply to the European Commission Green Paper on the future of VAT.

The European Booksellers Federation [“EBF”] is a non-commercial umbrella organization representing national Booksellers Associations in the European Union within the EU and the EEA. Through its members, EBF speaks on behalf of more than 25,000 individual booksellers. Depending on the country, booksellers represented include independent booksellers, national bookshop chains, supermarkets, internet retailers and other cultural or general outlets selling books.

The objectives of EBF are to:

- Enhance the image of ‘The Bookseller’
- Strengthen links between booksellers’ associations
- Assist booksellers’ associations in promoting excellence in the profession
- Represent the interest of the bookselling trade in the European institutions.

In view of this last point, EBF very much welcomes the opportunity to send comments on the Green Paper on the Future of VAT “Towards a simpler, more robust and efficient VAT system”.

As book retailers, booksellers are indeed cultural agents, providing the public with unbiased, reliable and informed advice and also, in particular, promoting literacy and reading – the fundamental basis of a knowledge society. To be able to play these roles, it is important that booksellers can compete in a fair level field with other stakeholders and that their commercial activities are not undermined by unfair competition from other commercial actors or by piracy.

Fundamental Principles

EBF believes that any reform of the VAT system should take into account the following principles:

- The specific identity of the book, both commercial and cultural item, independently of its format
- The fact that VAT should be neutral in the cost structure of any business and be charged according to EU and national rules

- The necessity to implement tax policies supporting the ambitious objectives of the Digital Agenda and the EU 2020 strategy.

The specific identity of the book, as a commercial and cultural item

EBF reiterates the fundamental role of books in a knowledge-based society and underlines the importance of favourable VAT rates as a means to reinforce a policy in general and to strengthen the support of literacy, knowledge and education in particular.

Books are central to the acquisition of literacy, education and knowledge of all kinds: special and general, informal and formal, whether for adults or children, providing the basis of reading skills, inquiry, comprehension and individual enterprise. In order to enable the European Union to compete in an ever increasingly competitive global marketplace, we need in particular a literate work force and a literate society. Books are fundamental in underpinning this objective.

To encourage new business models in the book sector and in particular to stimulate the take-off of the e-book, the European Commission has to ensure that a consistent tax policy is applied to books. EBF has always advocated for favourable tax policies for reading and therefore urges the Commission to **refrain from taxing books – whatever their format**: printed, digital or audio. Content, in any format, provides the same cultural and educational benefits to consumers.

For book trade professionals, including booksellers - who act as cultural agents by promoting literacy and knowledge - it is essential to keep abreast continuously with - and adapt to - the numerous technology and market developments as well as to the changes in consumer behaviour.

Digital bookselling has long become a reality and many terrestrial bookshops have engaged in online selling. Selling e-books and reading devices is a further step that booksellers are in the process of achieving, often via third parties who provide portal facilities, webshops, etc. Online e-book distribution platforms have been set up by booksellers, in partnership with aggregators and publishers, in various EU countries.

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The fact that VAT should be neutral in the cost structure of any business

EBF advocates for the maintenance of the present system (rates and conditions of country of destination). The destination principle which already applies to taxable persons (B2B) (Council Directive 2008/8/EC) will be applied to electronically delivered products, including e-books from 2015 onwards. This is a positive development which is a first step towards the indispensable equal treatment of e-books and paper books.

EBF strongly supports the subsidiarity principle. However, it takes the opportunity of this consultation to suggest to the Commission that a better co-ordination with national tax administrations and the clarification of VAT rules would be beneficial to both national budgets and EU budget.

EBF Members have indeed reported on a number of occasions that their own members (booksellers) experience unfair competition when Internet suppliers, in the case of cross-border sales, sometimes omit their obligation to add the VAT of the country of destination to their invoice for products sold online (sales of paper books, B2C).

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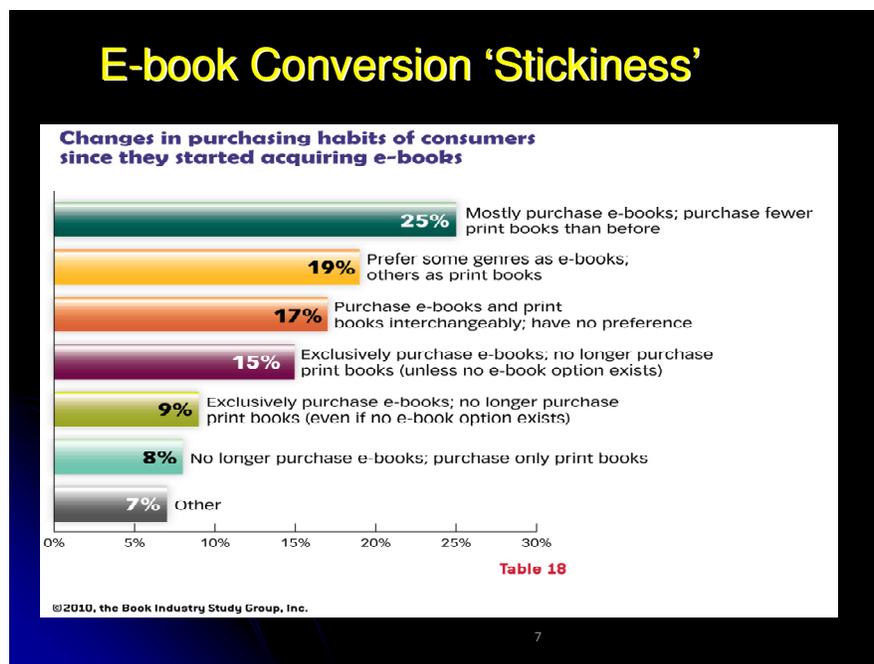
This means a loss in VAT income at national and EU level and a disadvantage for terrestrial booksellers in the country of destination.

Similarly, it still happens that some providers, in the case of intra EU cross-border sales, sometimes apply an “intra European export price” which corresponds to the AT-inclusive price of the book in the country of origin. EBF would be grateful, here as well, for a better definition of rules and improved co-ordination between the European Commission and National Tax Administrations.

In addition, EBF advocates for no increase whatsoever of any VAT reporting obligation, which would generate costs and be time consuming for booksellers, who are mostly small and medium size businesses.

The necessity to implement policies compatible with the ambitious objectives of the Digital Agenda and the EU 2020 strategy.

Although digitization has started to revolutionize the bookselling world, as explained above, there are more unknowns than certainties regarding the speed and extent at which the various book markets in the European Union will embrace the digital offer. The example of the US book market suggests that e-book sales are cannibalizing print book sales.



In a research carried out in 2010 by the Book Industry Study Group in the United States, Bowker revealed at an EBF Conference in Brussels last year that 15% of US consumers canvassed maintained they would buy e-books in future, and no longer p-books.

Booksellers are, for the vast majority of them, SMEs operating on tight margins in very fragmented markets (because of linguistic reasons) in the European Union, and this alone makes their business models extremely fragile.

If the ambitious objectives of the Digital Agenda are to be met, it is essential that booksellers operate on a fair playing field.

Equal treatment of all books in all formats, the promotion of a robust anti piracy policy to police illegal file sharing, full support to copyright are essential conditions for the success of the digital agenda.

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