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**PRESS RELEASE**

**ALLOWING REDUCED RATES OF VAT ON E-BOOKS IS STILL THE WAY FORWARD**

The Federation of European Publishers has learned with great disappointment about the suggestions made by the High Level Expert Group on the Taxation of the Digital Economy in their report delivered today with regard to the different VAT rates applied to electronically supplied services such as e-books and on-line newspapers and their physical versions. The Group suggests that such similar products should be taxed at the standard rate, mainly to have tax revenues accrue to Member States to fund public services.

The aim of simplifying the VAT system, while legitimate, must not trump more important considerations, such as those that have convinced 26 out of 28 EU Member States to apply a reduced rate of VAT to print books and have prompted many of them to support the principle of including all sorts of books in the provision.

European book publishing, while providing the EU citizens with an invaluable service, benefits from very little public funding, which is also a guarantee to its freedom of expression. Any past attempts at increasing VAT on books, rapidly reflected in the levels of sales and publications, have shown that similar initiatives can only bring disastrous effects and seriously hamper growth, jobs and the basis of the knowledge economy.

Due to the undisputable value of books and reading and their positive effects in cultural, social, political and economic terms, special consideration is warranted when policies that affect them are designed. Reduced rates of VAT have consistently proven to be a simple, unobtrusive and yet effective tool to encourage the production and consumption of books.

We call on the European Commission to act now in favour of cultural diversity offline and online, and to allow Member States that are supporting such an approach to lower their VAT rates on e-books.

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