



VAT alert Belgium

Reduced VAT rate for e-books

On 2 October 2018, the European Council agreed on the legislative proposal allowing Member States to apply reduced, super-reduced or zero VAT rates to electronic publications, aligning them with the VAT treatment of physical publications. In Belgium, this will allow the government to introduce the reduced rate of 6% for e-books and the zero rate for e-newspapers, which required this change to the VAT Directive as a preliminary step.

Background

Under current VAT rules, electronically supplied services are taxed at the standard VAT rate (i.e. minimum 15% under EU VAT legislation, or 21% in Belgium). Physical books as well as printed newspapers and periodicals may benefit from a reduced VAT rate, and in some cases even super reduced or zero rates (e.g. printed newspapers in Belgium).

During the past few years, several Member States have advocated against the differing VAT treatment for such comparable products, supported by a 2017 CJEU judgment ([C-390/15](#)).

After a long period of political gridlock on a range of VAT proposals, political agreement was finally reached on the [proposal to amend the European VAT Directive](#) at the Economic and Financial Affairs (ECOFIN) Council of 2 October 2018.

New rules

Under the new rules, electronically supplied services remain excluded from the reduced VAT rate scope. However, an exception is made for electronic publications.

Member States will be allowed to apply the reduced VAT rate (i.e. minimum 5%) to both electronic and physical publications (which includes books, newspapers and periodicals). Super-reduced and zero rates will only be accessible to Member States that currently apply these rates to physical publications, under transitional arrangements.

Publications with an advertising purpose will continue to be excluded from these reduced rates. Furthermore, a new condition is introduced specifically for electronically supplied services, which excludes publications that fully or predominantly consist of audible music or video content from the reduced VAT rate scope.

Entry into force

The Directive will be adopted without further discussion once the text has been finalised in all official languages. It will enter into force on the 20th day following its publication in the Official Journal of the EU.

These new rules will be temporary, until the European Council reaches a political agreement on the definitive VAT system, particularly on the European Commission's legislative proposal dated 18 January 2018, which aims to allow Member States more flexibility when defining their national reduced or zero VAT rates (previous coverage in [VAT alert of 19 January 2018](#)).

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