



International
Publishers
Association

VAT/GST/SALES TAX RATE:

Global Survey on Books & E-Books:
Europe, Latin America and Canada



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Contacts

José Borghino, Policy Director
International Publishers Association
Tel: +41 22 704 1820
Email: borghino@internationalpublishers.org

Ine Lejeune, Global Indirect Taxes Policy Leader
PwC
Tel: + 32 9 268 8300
Email: ine.lejeune@be.pwc.com

Sibylle Vandenberghe, Senior Manager Indirect Taxes
PwC
Tel: +32 9 268 8322
Email: sibylle.vandenberghe@be.pwc.com

This publication has been written by IPA. PwC has provided underlying data based on the study of VAT laws and on the information available on May 1, 2013 for all Latin American countries and Canada. The information for the European countries was provided by IPA. Any change or amendment in the law or relevant regulations would necessitate a review of our comments in this article. PwC accepts no liability, and disclaims all responsibility, for the consequences of you or anyone else acting or refraining to act, in reliance on the content of the latter information or for any decision based on it. The information contained in this article is of a general nature and is merely guidance on matters of general interest. This article is not a substitute for professional advice on any matter. No reader should act on the basis of anything contained in this article without considering appropriate professional advice. PwC Firms provide industry-focused assurance, tax and advisory services to enhance value for their clients. More than 180,000 people in 158 countries in firms across the PwC network share their thinking, experience and solutions to develop fresh perspectives and practical advice. See www.pwc.com for more information.

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Introduction

For the fourth consecutive year, the International Publishers Association (IPA), along with PricewaterhouseCoopers (PwC) Belgium and the Global PricewaterhouseCoopers Indirect Taxes Network¹, carried out a global survey on the application of VAT/GST² on printed books and e-books.

While the first three IPA/PwC VAT/GST surveys aimed solely at learning more about the availability and use of special tax rates³ for printed and e-books⁴ in general around the world, and attempted to assess the extent to which the tax treatment of e-books was aligned with a given special tax treatment for printed publications, this fourth edition sought to sharpen the focus by concentrating exclusively on Europe, Canada and Latin America.

IPA and PwC collected answers to the following questions from their contacts in 51 countries (34 in Europe, Canada and 16 in Latin America⁵):

- What is the standard VAT/GST rate?
- Is there a reduced VAT/GST rate?
- Does a special VAT/GST regime apply to books?
- Does a special VAT/GST regime apply to e-books?

A comparison of the survey results over the last four years allowed IPA and PwC to identify certain trends in the change of VAT/GST rates.

Methodology

The cut-off date of the survey was 1 May 2013. At this date Croatia was not yet member of the EU, hence the reference to EU-27.

The survey focuses solely on trade books, as some countries exclude certain other categories of books or differentiate taxation for certain categories.

The US has been excluded from the scope of this year's survey due to the complexity of the US sales tax regime as there is no federal sales tax. However, 46 US states impose a tax on the sale of goods and services if delivered or used within their borders, accumulated with similar sales taxes collected by other local governments in 37 US states. The taxes can therefore range from 0% to 12%, with an average rate of 6.9%⁶.

¹ PwC refers to PricewaterhouseCoopers Tax Consultants bcvba/scorl, which is a Belgian member firm of the global network of PricewaterhouseCoopers International Limited ("PwC IL"), all members of which are separate legal entities (hereinafter also referred to as "PwC Firms"). A member firm does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. For more information visit us at www.pwc.com or www.globalvatonline.pwc.com.

² VAT – Value Added Tax, GST – Goods and Service Tax.

³ Rates – VAT/GST/Sales tax.

⁴ Electronic books include both books supplied without material support.

⁵ Information for Latin America and Canada was gathered by PwC through the PwC Global Indirect Taxes Network. Information for Europe was gathered by IPA.

⁶ This information is outside the current IPA/PwC study. For a copy of a special IPA brochure detailing the USA sales tax regime for books, please contact the IPA directly.

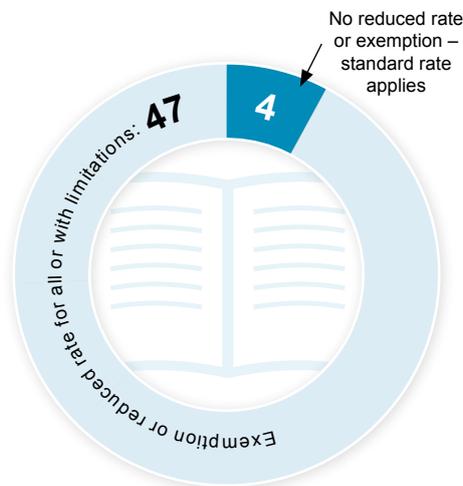
Key Findings

- Standard VAT rates continue to increase around the globe, and in particular in Europe. Since publication of the previous VAT/GST survey, six European countries raised their standard VAT rate by an average of 1.66 %. However, only two of these countries (i.e. Cyprus and Finland) raised the VAT rate applied to books. Rising VAT rates appear to be emblematic of times of economic downturn when governments are looking for ways to retain tax income in the face of negative growth and rising unemployment.
- Standard VAT rates are on average higher in the EU-27⁷ (21.24%) than in Latin America⁸ (14.69) and Canada (5% at the federal level).
- Special VAT/GST treatment for publications remains the norm among the countries surveyed. The vast majority (92.16%) continues to apply favourable tax regimes for printed books. Of the 51 countries surveyed, only four (Bulgaria, Chile, Denmark and Guatemala) do not apply a special VAT treatment for printed books, applying instead their standard VAT rate also to books (respectively: 20%, 19%, 25% and 12%). The 19% VAT rate on books in Chile has led to increased piracy levels in the country. This means a loss for legitimate Chilean publishers and tax authorities. Of the Latin American countries surveyed, Chile and Guatemala clearly come bottom of the class regarding their fiscal treatment of books and culture. Similarly, in Europe, Bulgaria and Denmark⁹ also apply their standard VAT rate to printed books.
- The VAT rates for printed books are on average much lower in Latin America (1.94%) than the average of the reduced VAT rates for printed books in the EU-27 (7.83%).
- All major publishing markets surveyed (France, Germany, Italy, Spain, UK) provide for reduced VAT rates or exemptions, at least for printed books. This is also the case in emerging markets in Latin America (e.g. Argentina, Brazil). Argentina, Brazil and France (like in Luxembourg) also provide an equal, special VAT/GST treatment for e-books.
- Specific regulations of VAT/GST on e-books are gaining further ground. But the pace is too slow, especially in Europe. Much progress remains to be made for countries to adopt a real non-discriminatory, consistent tax regime for printed and e-books in conformity with OECD's guidelines, as close to 50% of the states surveyed continue to apply the standard VAT/GST rate to all e-books.

VAT/GST/Sales Tax Classification

The results for printed books and e-publications in the 51 countries surveyed this year can be summarised as follows:

» Printed Books



» E-Books



Despite a context where standard VAT/GST rates are on the rise worldwide, printed books continue to enjoy a reduced VAT/GST rate or are VAT/GST exempt in more than 92% of the countries surveyed. Close to 51% of the countries surveyed provide (all or some) e-books with a special VAT treatment.

⁷ Format of the European Union before Croatia joined the EU (as the 28th Member State) on 1st July 2013.

⁸ In the 16 Latin American countries surveyed in the present report: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

⁹ Denmark does not have a low or zero-rate.

Printed Books and VAT/GST

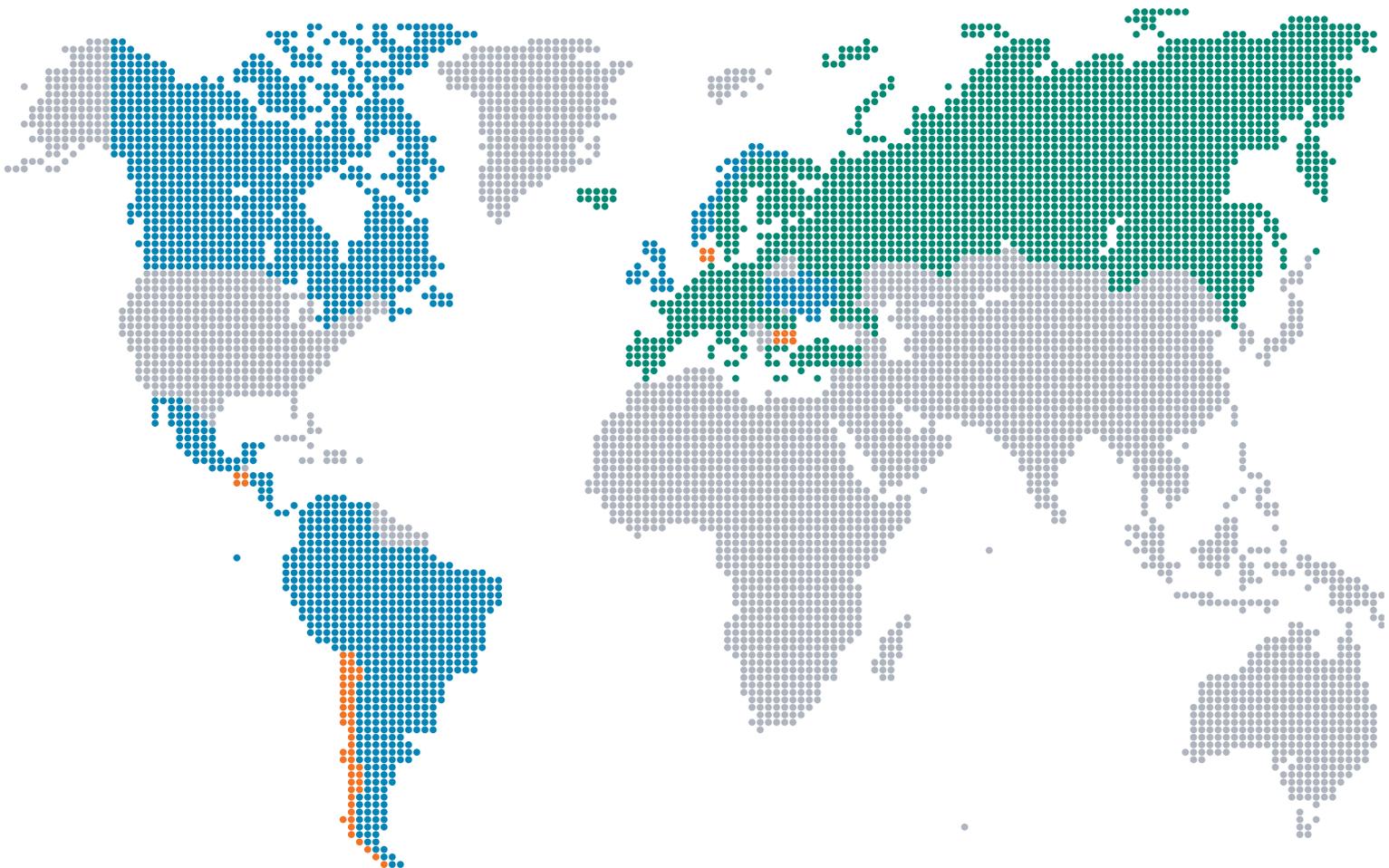
In the EU-27, while 92.6% of the countries surveyed apply a special VAT treatment to printed books (in most cases a reduced VAT rate), only 7.4% apply a zero VAT rate (UK and Ireland).

In Latin America, while 50% of the countries surveyed apply a VAT/GST exemption to (a selection of) printed books, only 25% apply a 0% VAT/GST rate to printed books. And 12.5% apply a mix of a VAT/GST exemption and a zero VAT/GST rate.

In the case of a VAT/GST exemption, publishers, as final consumers, cannot claim a VAT refund on the supplies of goods or services needed to produce books. As a result VAT/GST becomes a production cost, which automatically increases

the price of books. A zero VAT/GST rate on books is therefore preferable to a VAT exemption. A zero rate provides the necessary support for the entire publishing chain, from author to publishers, bookshops and libraries. As the zero rating of books makes people more eager to buy books, it is one of the most effective ways of promoting book culture, literacy and reading. As a result, it is very likely to have a positive effect on cultural and educational policy, freedom of expression, and the creation of new independent publishing businesses. Ultimately, a zero VAT/GST rate means the creation of jobs and the development of a knowledge economy. This reasoning also applies to e-books, which should therefore be equally supported.

» Printed Books Map: ● Standard VAT ● Reduced VAT ● Exempt or 0% ● Not included in this survey



● **Europe:** Bulgaria, Denmark **Latin America:** Chile, Guatemala

● **Europe:** Austria, Belgium, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey

● **Europe:** Ireland, Norway, Ukraine, United Kingdom

Latin America: Argentina, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela **North America:** Canada

● **All Other Countries**

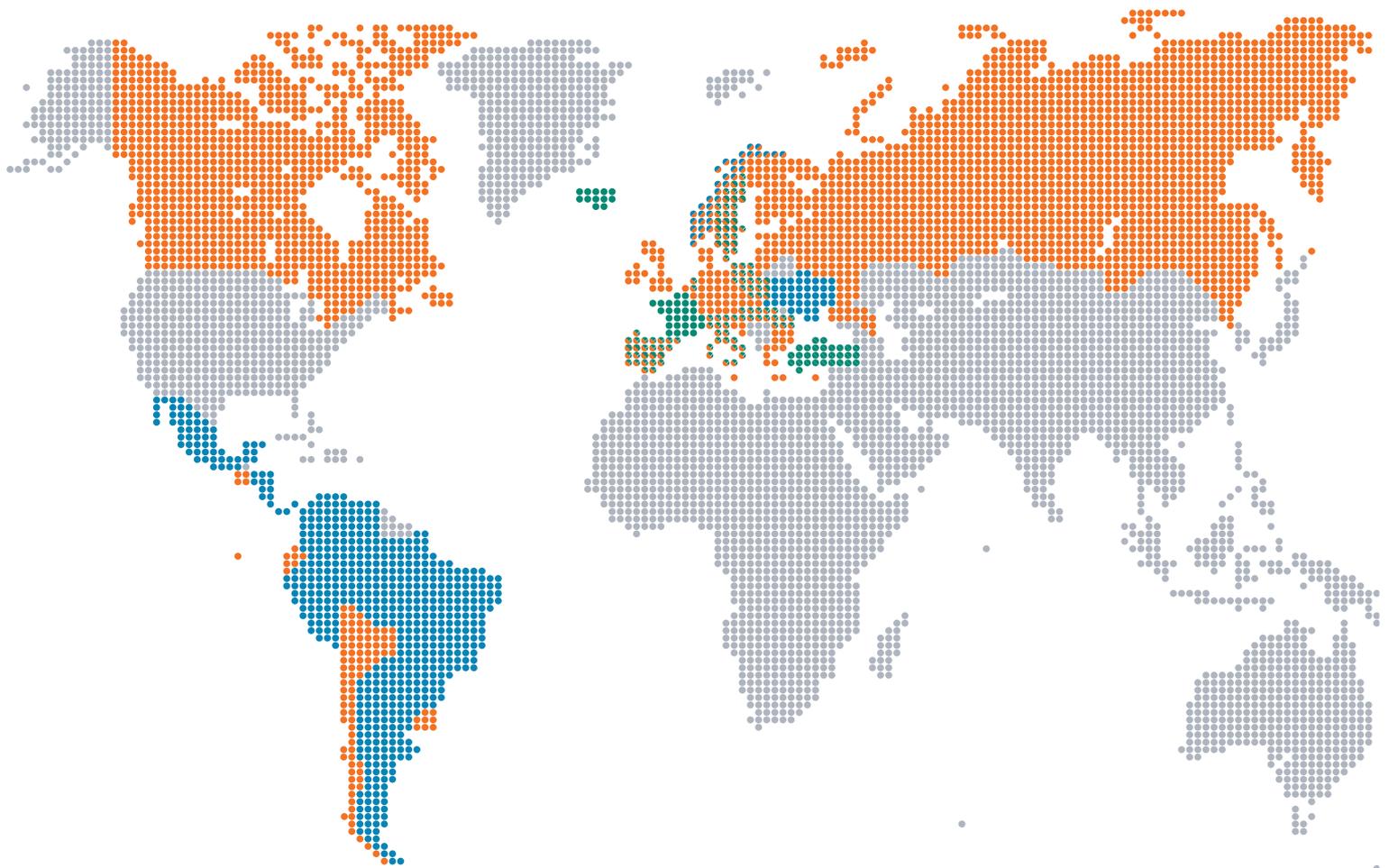
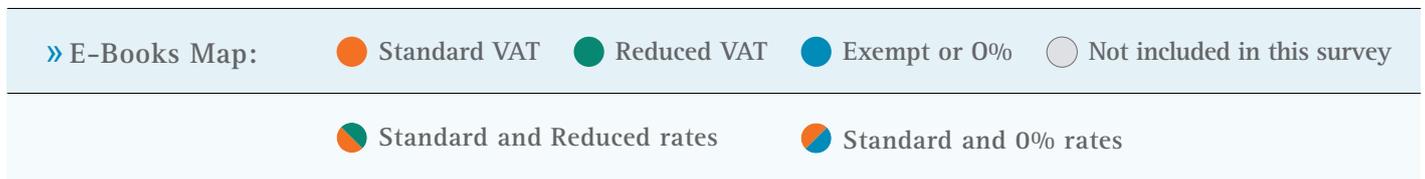
E-Books and VAT/GST

In 2013, 49% of the countries surveyed continue to provide neither an exemption nor reduced rates for any e-book.

Some European countries have recognised that they need to introduce fairer, more balanced VAT regimes for e-books: France, Iceland and Luxembourg have extended their reduced VAT rates on books to all e-books. However, these countries are an exception. In the EU-27, 59.3% of the Member States continue to apply the standard VAT rate to all e-books, but only 31.3% of the 16 Latin American states

surveyed apply their standard VAT/GST rate to all e-books. In other words, Europe in general, and the European Union in particular, is lagging behind in applying an equal VAT treatment to e-books.

This discriminatory VAT/GST treatment of printed books and e-books continues and this in violation of the OECD's guidelines and benchmarks¹⁰ recommending a non-discrimination policy and the application of concessions to e-books.



- **Europe:** Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Ireland, Latvia, Lithuania, Malta, Russia, Slovakia, Switzerland, United Kingdom
- Latin America:** Bolivia, Chile, Ecuador, Guatemala, Uruguay
- North America:** Canada

- **Europe:** France, Iceland, Luxembourg, Turkey
- **Europe:** Hungary, Italy, Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden
- **All Other Countries**

- **Europe:** Ukraine
- Latin America:** Argentina, Brazil, Colombia, Costa Rica, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Venezuela
- **Europe:** Norway

As e-book consumption expands rapidly in the global English-language market and begins to take hold in other countries, this issue is becoming increasingly urgent.

In the EU, the EU VAT Directive¹¹ allows the application of reduced rates to “books on all physical means of support”, e.g. e-books sold on CD-ROM or USB sticks. However, other e-books delivered via digital downloads remain excluded and cannot benefit from a reduced VAT rate, thus maintaining an unwarranted and obsolete discrimination. Legislative developments in some EU Member States, in particular France and Luxembourg, aim at abandoning this illogical and archaic distinction between e-books delivered on physical media and e-books delivered via digital download. It is our view that, as the VAT Directive does not mention ‘the carrier’ of a book, the applicable VAT rate is to be analysed from the consumer’s perspective in line with previous CJEU judgments. This will be a test for EU legislation, in particular because the EU Commission started an infraction procedure against both France and Luxembourg for their use of the reduced VAT rate on e-books. Next to that, another interesting Finnish CJEU case ‘K Oy’ (C-219/13) is pending before

the CJEU court that could lead to more insight as to VAT treatment of books on ‘other means of support’.

This obsolete distinction is likely to hold back the development of the e-book market, in general, and especially in the non-English and small-language markets. In the new digital environment where consumers expect lower prices, and authors ask for a ‘larger share of the pie’ (royalties), the application of standard VAT/GST rates adds additional financial pressure on publishers.

In addition, this discrimination in VAT/GST treatment runs directly contrary to numerous initiatives to promote digital literacy. For example, in a number of countries educational reform initiatives frequently involve the introduction of digital technology into classrooms and other learning environments. Discriminatory VAT/GST regimes often provide a significant financial incentive for schools to continue with printed textbooks.

Finally, this different VAT/GST treatment disproportionately affects persons with print disabilities. They often have no choice but to choose the more accessible digital book, which is subject to a higher VAT/GST rate and is therefore often more expensive.

Conclusion and Recommendations

Reduced VAT/GST rates remain the norm for printed books. Despite the global economic crisis and the subsequent VAT/GST reforms in many countries, books are consistently confirmed to be among the goods and services that merit a special, reduced VAT/GST rate or exemption. Bulgaria, Chile, Denmark and Guatemala are currently the exceptions, and should align themselves with the other countries surveyed.

In Latin America, those countries which apply a regime of VAT/GST exemption to books should shift towards a zero VAT/GST rate (as is the case in Bolivia, Ecuador, Honduras and Colombia). Indeed, we believe the zero VAT/GST rate to be the best way to support the entire publishing chain, fight piracy, encourage a thriving knowledge economy and create jobs.

Similarly, in Europe and Canada, there should be a shift to a zero rate of VAT/GST on printed books (as is already the

case in the UK, Ireland and Norway). It is to be regretted that Croatia had to give up its zero VAT rate on books when joining the European Union to adopt a reduced VAT rate of 5% instead. In order to support the knowledge economy European Member States and Canada should adopt as low as possible a reduced VAT/GST rate on books and e-books.

In Europe, the trend towards the inclusion of e-books in special VAT regimes should be encouraged. A consistent treatment for all types of books is the direction towards which we are heading and the most logical way to achieve this is by reducing VAT on e-books. Indeed, the rate applied to all e-books, irrespective of the physical carrier, should match the rate for printed books to create a level playing field for all publications.

The future will tell whether the other Member States and the EU Commission will follow their lead.

¹⁰ <http://www.oecd.org/tax/consumption/36177871.pdf>

¹¹ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax.

Country	Standard VAT/GST rate (%)	Does a special VAT/GST regime apply to books? Yes/No/Partially ¹² (%)	If partially, please specify.	Does a special VAT/GST regime apply to e-books? Yes/No/Partially (%)	If partially, please specify.
Europe¹³					
1. Austria	20	Yes, 10	NA	No	NA
2. Belgium	21	Yes, 6	NA	No	NA
3. Bulgaria	20	No, 20	NA	No	NA
4. Croatia	25	Yes, 5	NA	No	NA
5. Cyprus	18	Yes, 5	NA	No	NA
6. Czech Republic	21	Yes, 15	NA	No	NA
7. Denmark	25	No, 25	NA	No	NA
8. Estonia	20	Yes, 9	0 on certain books	No	NA
9. Finland	24	Yes, 10	NA	No	NA
10. France	19.6	Yes, 5.5	NA	Yes, 5.5	NA
11. Germany	19	Yes, 7	NA	No	NA
12. Greece	23	Yes, 6.5	NA	No	NA
13. Hungary	27	Yes, 5	NA	Partially, 5	Audio-books and e-books on physical support
14. Iceland	24.5	Yes, 7	NA	Yes, 7	NA
15. Ireland	23	Yes, 0	NA	No	NA
16. Italy	21	Yes, 4	NA	Partially, 4	Only for e-books specifically destined to Visually Impaired Persons
17. Latvia	21	Yes, 12	NA	No	NA
18. Lithuania	21	Yes, 9	NA	No	NA
19. Luxembourg	15	Yes, 3	NA	Yes, 3	NA
20. Malta	18	Yes, 5	NA	No	NA
21. Netherlands	21	Yes, 6	NA	Partially, 6	Audio-books and e-books on physical support
22. Norway	25	Yes, 0	NA	Partially, 0	Audio-books and e-books on physical support
23. Poland	23	Yes, 5	NA	Partially, 5	Audio-books and e-books on physical support
24. Portugal ¹⁴	23	Yes, 6	NA	Partially, 6	Audio-books and e-books on physical support
25. Romania	24	Yes, 9	NA	Partially, 9	Audio-books and e-books on physical support
26. Russia	18	Yes, 10	NA	No	NA
27. Slovakia	20	Yes, 10	NA	No	NA
28. Slovenia	20	Yes, 8.5	NA	Partially, 8.5	Audio-books and e-books on physical support

¹² Partially means that a special VAT/GST regime applies to some categories of books or that all books are exempt from VAT. An exemption means where the supplier of the books does not charge any tax, however if the seller incurs any VAT/GST on his purchases then the VAT/GST cannot be credited against any output VAT/GST and the VAT/GST becomes a cost. In case of zero rated supplies, the supplier does not charge any VAT/GST on his sales, however any VAT/GST incurred on his purchases is available as credit which can be set-off and hence is no cost to the seller.

¹³ Input gathered by IPA.

¹⁴ In mainland Portugal.

Country	Standard VAT/GST rate (%)	Does a special VAT/GST regime apply to books? Yes/No/Partially ¹⁵ (%)	If partially, please specify.	Does a special VAT/GST regime apply to e-books? Yes/No/Partially (%)	If partially, please specify.
29.Spain	21	Yes, 4	NA	Partially, 4	Audio-books and e-books on physical support
30.Sweden	25	Yes, 6	NA	Partially, 6	Only for audio-books and books in Braille
31.Switzerland	8	Yes, 2.5	NA	No	NA
32.Turkey	18	Yes, 8	NA	Yes, 8	NA
33.Ukraine	20	Yes, exempt	NA	Yes, exempt	NA
34.United Kingdom	20	Yes, 0	NA	No ¹⁶	NA
Latin America¹⁷					
35.Argentina	21	Partially, exempt	Commercial registered books, accounting books, diaries, writing pad, exercise books, bookmarks and any other library item for office or school purposes are not VAT exempt. According to a recent tax opinion, a book must circulate cultural knowledge and must have an ISBN. ¹⁸	Partially, exempt	The 2001 Law promoting books and reading applies to all books no matter on what format they are published ¹⁹ .
36.Bolivia	13	Yes, 0	NA	No ²⁰	NA
37.Brazil	17 ²¹	Yes, exempt/immunity	All books ²²	Partially, exempt/immunity ²³	Tax legislation does not lay down any special treatment for e-books, but there are judicial decisions aiming at granting e-books the same exemption as the one provided to printed books. However, higher courts have not yet confirmed the lower court rulings.
38.Chile	19	No, 19	NA	No ²⁴	NA

¹⁵ Partially means that a special VAT/GST regime applies to some categories of books or that all books are exempt from VAT. An exemption means where the supplier of the books does not charge any tax, however if the seller incurs any VAT/GST on his purchases then the VAT/GST cannot be credited against any output VAT/GST and the VAT/GST becomes a cost. In case of zero rated supplies, the supplier does not charge any VAT/GST on his sales, however any VAT/GST incurred on his purchases is available as credit which can be set-off and hence is no cost to the seller.

¹⁶ Reduced rate for audio-books provided to charities for people with disabilities and visually impaired.

¹⁷ Input gathered by PwC.

¹⁸ International Standard Book Number System.

¹⁹ Input gathered by PwC.

²⁰ E-book definition/interpretation: Book format suitable to be read and/or heard on any electronic device, such as computer, mobile phone or any similar device.

²¹ 18% in São Paulo, 19% in Rio de Janeiro.

²² The Constitution of the Republic prohibits the Union, States, Federal District and Municipalities from imposing taxes on books, newspapers, periodicals and the paper used for printing them.

²³ E-book definition/interpretation: No definition in the VAT law.

²⁴ E-book definition/interpretation: The tax legislation does not lay down any special VAT regime regarding e-books.

Country	Standard VAT/GST rate (%)	Does a special VAT/GST regime apply to books? Yes/No/Partially ²⁵ (%)	If partially, please specify.	Does a special VAT/GST regime apply to e-books? Yes/No/Partially (%)	If partially, please specify.
39.Colombia	16	Yes, 0	All books ²⁶	Partially, 0 ²⁷	Books may be edited and published by any electronic means. According to a, resolution issued by the Ministry of Culture, e-books have the same VAT treatment as printed books. Tax Authority rulings have confirmed the zero VAT rate for e-books. ²⁸
40.Costa Rica	13	Partially, exempt	All books	Partially, exempt ²⁹	The exemption for books should also apply to e-books.
41.Ecuador	12	Yes, 0	NA	No	NA
42.Guatemala	12	No, 12	NA	No	NA
43.Honduras	12	Yes, 0	NA	Yes, 0 ³⁰	NA
44.Mexico	16	Partially, exempt or 0	The sales of books edited by the taxpayer are subject to a zero VAT rate. The sales of books by persons different from the editor are VAT exempt ³¹ .	Partially, exempt or 0 ³²	The sales of e-books edited by the taxpayer are subject to a 0% VAT rate. The sales of books by persons different from the editor are VAT exempt. ³³
45.Nicaragua	15	Partially, exempt	All books ³⁴	Partially, exempt ³⁵	In accordance with the tax law ³⁶ , e-books are also covered by the exemption for books.
46.Panama	7	Partially, exempt	Books with educational purposes	Partially, exempt	Exempt from VAT as they are not considered to be tangible goods.

²⁵ Partially means that a special VAT/GST regime applies to some categories of books or that all books are exempt from VAT. An exemption means where the supplier of the books does not charge any tax, however if the seller incurs any VAT/GST on his purchases then the VAT/GST cannot be credited against any output VAT/GST and the VAT/GST becomes a cost. In case of zero rated supplies, the supplier does not charge any VAT/GST on his sales, however any VAT/GST incurred on his purchases is available as credit which can be set-off and hence is no cost to the seller.

²⁶ Pursuant to section 478 of the Tax Code, books and magazines with an educational, cultural or scientific content are subject to a special VAT treatment (zero rated). For these purposes shall mean books, pamphlets, serial collections or publications of a scientific or cultural character, those edited, produced and printed in Colombia, on paper or any other electro-magnetic media and written by local or foreign authors. The Ministry of Culture has established that these publications must have an ISBN code. The Constitutional Court recently included comics in the category of cultural publications.

²⁷ E-book definition/interpretation: E-books do not have a special definition for legal purposes. However, Act 1379 Of 2010 defines a book as follows: "A book is a scientific, artistic, literary, cultural or any other publication that constitutes a unit in one or more volumes that may be printed or in any medium capable of reading".

²⁸ Section 2 of Act 98 of 1993, section 1 Resolution 1508 of 2000 and DIAN, Ruling 74171 of 2005.

²⁹ E-book definition/interpretation: Costa Rica General Sales Tax does not lay down any provision regarding e-books.

³⁰ E-book definition/interpretation: Honduran legislation does not provide any definition/clarification/interpretation of e-books.

³¹ I.e. sales of books by taxpayers engaged in the editing, publishing and sale of books (e.g. Mc Graw Hill, Pearson, Planeta, Larousse, etc.) are subject to a 0% VAT rate. The subsequent sales (e.g. by wholesaler to retailer, by retailer to final customers) are exempt from VAT.

³² E-book definition/interpretation: Mexican legislation does not provide for a definition of e-books.

³³ I.e. sales of e-books by taxpayers engaged in the editing, publishing and sale of books (e.g. Mc Graw Hill, Pearson, Planeta, Larousse, etc.) are subject to a 0% VAT rate. The subsequent sales (e.g. by wholesaler to retailer, by retailer to final customers) are exempt from VAT.

³⁴ The exemption applies to books with both educational and non-educational purposes.

³⁵ E-book definition/interpretation: any form of books presented in any electronic device, such as USB sticks, CDs, cassettes, videos or any other similar nature.

³⁶ Section 89.

Country	Standard VAT/GST rate (%)	Does a special VAT/GST regime apply to books? Yes/No/Partially ³⁷ (%)	If partially, please specify.	Does a special VAT/GST regime apply to e-books? Yes/No/Partially (%)	If partially, please specify.
47.Paraguay	10	Partially, exempt	All books ³⁸	Partially, exempt ³⁹	The current tax framework does not mention e-books specifically. However, the National Constitution ⁴⁰ states that objects, publications and activities of significant value to the cultural circulation and education should not be subject to municipal taxes.
48.Peru	18	Partially, exempt	The import and sale of books in the country are exempt from VAT. There is a list of VAT exempt-editorial products ⁴¹ .	Partially, exempt ⁴²	As long as they are mentioned in the list of VAT exempt editorial products. ⁴³
49.Uruguay	22	Yes, exempt or 0	Sales of books are VAT exempt. As to books made in Uruguay, their sales are subject to a 0% VAT regime.	No	NA
50.Venezuela	12	Partially, exempt	The exemption applies to all types of books, but in the case of importation, it is necessary to apply for a certificate of national insufficiency or non-domestic production issued by the Ministry of Science and Technology.	Partially, exempt ⁴⁴	No specific regulations are provided for electronic books; hence the applicable treatment is the same as for books, however confirmation is required; It is necessary to apply for a certificate of national insufficiency or non-domestic production issued by the Ministry of Science and Technology.
North America⁴⁵					
51.Canada (federal level)	5 GST ⁴⁶	Yes, 0 or exempt		No. GST plus sales tax in those provinces that have sales tax (different rates apply). This creates a discrepancy problem.	NA

³⁷ Partially means that a special VAT/GST regime applies to some categories of books or that all books are exempt from VAT. An exemption means where the supplier of the books does not charge any tax, however if the seller incurs any VAT/GST on his purchases then the VAT/GST cannot be credited against any output VAT/GST and the VAT/GST becomes a cost. In case of zero rated supplies, the supplier does not charge any VAT/GST on his sales, however any VAT/GST incurred on his purchases is available as credit which can be set-off and hence is no cost to the seller.

³⁸ The exemption does not include pornographic or erotic books or magazines, nudist or simply informative magazines such as catalogues and advertising.

³⁹ E-book definition/interpretation: according to article 17, paragraph 6) of the regulatory decree of the VAT 6896/05 a book is defined as "all printed graphics units, in one or more volumes or bundles It also includes complementary material or any electronic accessory, audio, sound, computer or any other variety absolutely essential to complete the system of reading or learning and which cannot be commercialised separately from the principal. All magazines, fascicles (bundles), brochures and catalogues that have cultural, scientific, literary or religious purposes are also considered".

⁴⁰ Article 83.

⁴¹ The VAT exempt editorial products are: loose sheets even when folded; dictionaries, encyclopedias even in installments; Braille system publications; only periodic publications that are not news bulletins and do not contain horoscopes, photoromance novels, fashion and games of chance; only periodic publications with scientific, educational or cultural content, except for publications that contain photoromance novels, fashions, games of chance and pornografic publications; music manuscripts or printed even with pictures or bound (Appendix B).

⁴² E-book definition/interpretation: E-books are also included in the VAT exemption for the import and sale of books.

⁴³ Idem footnote 42.

⁴⁴ E-book definition/interpretation: There are no rulings or other sorts of reference to the interpretation of the tax authorities on the e-books definition.

⁴⁵ Input gathered by PwC.

⁴⁶ For printed books, the GST rate or federal component of the Harmonized Sales Tax (HST), is 5% in all parts of the country. Certain specified entities from the public sector may be entitled to an exemption or rebate. In all provinces where sales tax and GST are blended into the so-called HST, books are generally exempt from the provincial component of HST, and subject only to the federal portion (i.e. 5%, subject to the aforementioned exemption). For e-books, there is no exemption as e-books are considered intangible personal property. Either the GST (5%) or HST (at rates varying between 13% and 15%), will apply depending on the place of supply.



International
Publishers
Association

23, avenue de France
1202 Geneva
Switzerland

secretariat@internationalpublishers.org

www.internationalpublishers.org