

### Fiscal Update

## The European Commission agrees to allow states to apply reduced VAT to electronic books and publications

4th October 2018

The European Commission agreed on 2 October on a new measure that allows Member States to apply reduced VAT to electronic publications to bring their taxation into line with that of traditional books.

At present, in accordance with the provisions of Article 91.Dos.1.2º of the VAT Law, the super-reduced rate of 4% applies to traditional printed publications.

However, both the Directorate General of Taxes and the Tax Administration have expressly accepted that publications supplied on any physical medium, both on paper and through electronic files available for download to reading tools or portable devices that allow digital books to be stored and read, are taxed at the rate of 4%. Therefore, if the sale is made through CDs, DVDs, USB sticks or any other physical support, they may also be taxed at the super-reduced rate. An example of this is Vinculante Consultation VO438-18.

However, until now, in accordance with European legislation, the super-reduced rate could not be applied to downloads of publications over the Internet, as they are not considered to be the delivery of goods but rather the provision of electronic services, being subject to the general rate of 21%.

This new measure gives the green light to the initiative presented in December 2016 which, after three failed attempts in 2017 and 2018, aims to ensure equal treatment between traditional and electronic publications.

For more information, please contact:

[Nicolás Díaz Ravn](#)

[nicolas.diaz@AndersenTaxLegal.es](mailto:nicolas.diaz@AndersenTaxLegal.es)

[Virginia Pinilla](#)

[virginia.pinilla@AndersenTaxLegal.es](mailto:virginia.pinilla@AndersenTaxLegal.es)

