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European Commission

**Email: TAXUD-VAT-Greenpaper@ec.europa.eu**

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**STM submission  
on Green Paper On the future of VAT  
Towards a simpler, more robust and efficient VAT system**

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**Identification number in the register: 98356852465-08**

E-mail contact: [beadle@stm-assoc.org](mailto:beadle@stm-assoc.org)

The International Association of Scientific, Technical and Medical Publishers ("STM") is the leading global trade association for academic and professional publishers. It has over 110 members in 27 countries who each year collectively publish nearly 66% of all journal articles worldwide and tens of thousands of monographs and reference works. STM members include learned societies, university presses, private companies, new starts and established players

EU-based STM publishers publish 49% of all research articles worldwide (STM's members originate approximately 2/3 thereof), employing 36,000 staff directly and another 10-20,000 indirectly, and make a €3b contribution to the EU's balance of trade. STM publishers have actively embraced the opportunities of the digital environment, starting with journal content and other "native" digital products such as software, data and databases, as well as other digital tools. For more than fifteen years now, science and medical researchers, along with medical practitioners, have had ubiquitous access to online tools that include published information, links between references in the literature, data sets and software that can be manipulated by the user, and visual supplemental information such as video and three-dimensional illustrations that can viewed from different perspectives by the user.

STM welcomes this opportunity to make its submission as part of the call for comments and answers set out in the above-mentioned Green Paper on the future of VAT, Towards a simpler, more robust and efficient VAT system.

STM supports the submission of the Federation of European Publishers.

STM's submission is composed of two parts:

- A. STM's position on the different VAT rates
- B. STM's answers to the specific questions raised in the Green Paper

#### **A. STM's position on the different VAT rates**

The current high VAT rates on online books and journals is effectively a form of tax discrimination and a barrier to the realizing of the goals of the Digital Agenda, the Innovation Union and the enhancement of a knowledge economy and information society in Europe. It hampers the development of e-commerce and the digital Single Market. This is particularly the case in academic libraries where existing high VAT rates on electronic products can drive decision makers to forgo online products and services in favor of print books and periodicals. Reduced VAT rates on electronic publications (e.g. books and journals) would not only enhance the purchasing power of these important cultural institutions but also enable libraries, universities and other educational organisations to provide the leaders of tomorrow with the digital resources necessary to fuel European competitiveness in a digital world.

The drawbacks of a discriminatory VAT rate on electronic books and journals have long been noted. The 2006 "Study on economic and technical evolution of the scientific publication market in Europe" commissioned by DG Research concluded:

*"...the higher (VAT) rate applied to electronic delivery of information in Europe strongly affects European research institutions, especially when compared to other countries where electronic services are exempt from tax, such as in the USA. As access to research publications is fundamental to the development of the European Research Area, taxes on scientific information should be reduced to the lowest or even zero rate."* (p.55)

In a related educational area, teachers who have grown up as "digital natives" expect the textbooks for their science classes to be available in electronic format. STM publishers have heavily invested to provide Europe's educators with electronic learning resources that combine the best that print textbooks have to offer with enriched, multimedia tools, applications, and services to enhance the learning experience. High VAT rates on electronic products create an incentive to deny these resources to Europe's young learners.

For all of these reasons, STM strongly supports the lowest possible VAT rate, including none at all, for scholarly scientific journals and books regardless of the format in which they are offered.

## **B. STM's answers to the specific questions raised in the Green Paper**

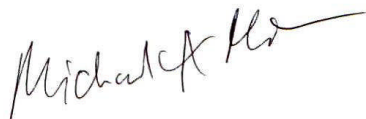
*Q 19: Do you think that the current rates structure creates major obstacles for the smooth functioning of the single market (distortion of competition), unequal treatment of comparable products, notably online services by comparison with products or services providing similar content or lead to major compliance costs for businesses? If yes, in what situations?*

The current VAT rate structure has created an unjustifiable market distortion between print and electronic scholarly publications (i.e. journals and books). Its unequal treatment of these comparable products is creating a major barrier to the realization of the Single Market, Europe's future competitiveness, and the transition to a fully digital environment.

*Q 20: Would you prefer to have no reduced rate (or a very short list), which might enable Member States to apply a lower standard VAT rate? Or would you support a compulsory and uniformly applied reduced VAT rates list in the EU notably in order to address specific policy objectives as laid out in particular in Europe 2020?*

Measures should be introduced that enable European Member States to apply a low, or no, VAT rate on all scientific publications regardless of the format in which they are offered to Europe's citizens and institutions.

Respectfully submitted,



Michael Mabe  
Chief Executive Officer

cc: Federation of European Publishers