Dear xxx,

I am writing to you following the European Commission’s consultation on the review of existing legislation on reduced VAT rates.

As mentioned by the European Commission, “Similar goods and services should be subject to the same VAT rate and progress in technology should be taken into account in this respect, so that the challenge of convergence between the on-line and the physical environment is addressed”.

Despite this principle, the consultation paper only focuses on on-line publications compared to paper publications and audio books, and on radio and television broadcasting on-line and off-line.

According to current rules, music CDs and music downloads are not eligible for the reduced VAT rates which apply to other cultural goods such as books and newspapers. Furthermore, some online services are subject to standard VAT rates while their offline equivalents are granted reduced rates.

In line with the Commission’s principle, our views are that all cultural goods and services offline and online should be eligible for a reduced VAT rate, and there should be no difference in rates between online and offline for similar goods and services.

A lower VAT rate for all cultural products online and offline, including recorded music, would end the discrimination between cultural products, reduce administrative burden on SMEs, facilitate access to culture, boost jobs and the cultural economy, and make our online market more competitive internationally.

At the very least, the discrimination between books and music should be removed. Indeed, why is sheet music eligible for a reduced VAT rate, while the same music, once recorded, is not eligible for a similar rate? Likewise, why should people have to pay more VAT to buy an artist’s music than to read a book about this artist’s life?

Ending discrimination between cultural products, whether sold online or offline, would help:

-End business and consumer confusion

-Promote European culture and cultural diversity

-Boost jobs

-Stimulate economic growth in the cultural economy

-Stimulate the online economy

-Reduce the illegal economy

Regarding SMEs, we support a Europe-wide exemption threshold for SMEs as long as it is based on the existing schemes which are most beneficial to SMEs.

Europe should also react to offer a VAT moratorium on Internet services similar to what was put in place in the US more than a decade ago, with notable benefits to their digital economy.