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RESOLUTION BY THE FEDERATION OF EUROPEAN PUBLISHERS ON VAT ON BOOKS IN LITHUANIA Brussels, 10 May 2010

FEP represents 26 national associations of book publishers of the European Union and the European Economic Area and acts on behalf of its members in discussions and negotiations with the Institutions of the European Union particularly concerning legislation, regulation and taxation.

FEP would like to invite the Lithuanian authorities to maintain the possibility for books to enjoy a reduced rate of VAT in their country and not to apply to them the standard rate of 21% at the end of this year. This in fact would soon translate into an increase of prices and as a consequence in a decrease of readership, bringing about negative effects in cultural, social, civic and economic terms.

Countries that have raised VAT rates on books abruptly have experienced a serious disruption of the publishing sector; this can only translate into a contraction of book consumption, thus seriously affecting any goals in terms of training and education, as well as of competitiveness and employment.

The value of encouraging a larger readership through the application of reduced rates of VAT on books has been widely recognised, as a vast majority of EU Members States – 25 out of 27 – have taken advantage of this landmark provision of the European legislation.

Maintaining taxation on books as low as possible will contribute to keep a thriving publishing sector in Lithuania and will therefore yield positive effects in the middle and long term, contributing to the recovery from the economic crisis through culture, education and knowledge-driven growth. On the other hand, the possible benefits of a tax increase in the short term will be more than offset by the negative effects that will inevitably follow.

We therefore strongly recommend reconsidering the possible increase of VAT on books and instead continuing to allow Lithuania to reap the benefits of a wide readership and a healthy publishing sector.