

Correspondence:

c/o

The Professional Publishers Association

White Collar Factory

1 Old Street Yard

London

EC1Y 8AF

Rt Hon Philip Hammond MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

7 March 2019

Dear Chancellor,

Axe The Reading Tax

Collectively we represent all quarters of the publishing industry, including newspaper, magazine, book and journal publishers. A sector jointly worth over £17 billion to the economy, and supporting the cultural enrichment, entertainment and education of millions of Britons every day.

During your last Budget statement, you rightly said “as our economy evolves in the digital age...so too must our tax system” and that “updating our tax system for the digital age... is how we will deliver the high-wage high-skill economy of the future.”

We applaud this statement and the Government’s commitment to updating the tax system for the digital age. One key area where this is urgently needed is to extend the VAT zero-rate that has always been afforded to printed versions of our newspapers, magazines, books and journals, to our digital products. It is an anomaly that a digital magazine or journal subscription, newspaper paywall, or ebook is subject to a 20% price penalty, simply because our tax system has failed to keep up with technology by recognising the way people increasingly choose to consume news and information in today’s world.

You will be aware that the recently published Cairncross Review calls on the Government to take action:

“The Review recommends extending the zero-rating of VAT to digital newspapers and magazines, including digital-only news publications. The present arrangement actively discourages publishers from developing online payment mechanisms.”

The House of Commons DCMS Select Committee report on Disinformation and 'fake news' supported that, stating:

"In particular, we welcome the recommendation that online digital newspapers and magazines should be zero rated for VAT, as is the case for printed versions. This would remove the false incentive for news companies against developing more paid-for digital services."

We support these statements and would advocate that the exemption includes the full suite of epublications (including digital newspapers, magazines, books and journals) and are in active discussions with officials on this matter.

An increasing number of countries across Europe have implemented this reform since the passage of an amendment to the European VAT Directive last year. In order that the UK does not fall behind our European neighbours in the digital age, and to bring fairness to an outdated system, we call on the Government to act on these recommendations and commit to axing the reading tax at the earliest opportunity.

Yours sincerely,



David Dinsmore
Chairman, NMA



Charlie Redmayne
President, PA



Marcus Rich
Chairman, PPA

cc. Rt Hon Theresa May MP, Prime Minister
Rt Hon Jeremy Wright MP, Secretary of State for Digital, Culture, Media and Sport