



The Association of Czech Booksellers and Publishers
PO box 177
110 01 Prague 1
Czech Republic

Brussels, 17 March 2011

Dear Friends,

It is with great concern that we have learned of the intention by the Czech Government to increase the VAT rate applied to books.

FEP is well aware of the benefits of low taxation on books, and equally of the detrimental effects of tax rises in this sector. We are therefore writing to warmly invite the Czech authorities to safeguard the potential for books to enjoy a reduced rate of VAT in your country. The application of the standard rate of VAT would in fact soon translate into an increase in book prices and, as a consequence, reduced readership, bringing about negative effects in cultural, social, civic and economic terms.

Countries that have raised VAT rates on books have quickly experienced serious disruption within the publishing sector. This can only be explained by a contraction of book consumption, thus seriously affecting any national goals in terms of training and education, as well as of competitiveness and employment well beyond the publishing industry itself.

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 (and apply an average rate of 6.5% to books). Reduced rates are the norm also in the majority of other countries all over the world.

Maintaining as low as possible a tax rate on books will support the vibrant publishing sector in the Czech Republic and will therefore yield positive effects in the mid-to-long term, contributing to the recovery from the economic crisis through culture, education and knowledge-driven growth. Conversely, the possible benefits of a tax increase in the short term will be more than offset by its inevitable negative effects.

We therefore strongly recommend that the Czech authorities reconsider the possible increase of VAT on books and continue allowing the Czech Republic to reap the benefits of a wide readership and a healthy publishing sector.

Yours sincerely,

Fergal Tobin
FEP President