

VAT relief for electronic publications

What's changed?

In March 2020, the Chancellor announced that VAT would no longer be charged on e-publications. This change was originally intended to take effect on 1 December 2020. In an effort to reduce the costs of remote learning during the Coronavirus pandemic, this change has been brought forward to 1 May 2020.

The following e-publications will no longer be subject to VAT:

- Books
- Booklets
- Brochures
- Pamphlets
- Leaflets
- Newspapers
- Journals and periodicals - including magazines
- Children's picture and painting books

Watch out for the following

- e-publications predominantly devoted to advertising or to audio or video content will not benefit from zero-rating. This would cover sales brochures, audiobooks and news content available on streaming platforms.
- The legislation introduced on 1 May specifically excludes 'plans or drawings for industrial, architectural, engineering, commercial or similar purposes' from the zero-rate.
- HMRC have confirmed that 'supplied electronically' will cover both website access to the publication and delivery by email.

- HMRC are at pains to point out that an e-book must be equivalent to a traditional book to benefit from zero-rating. This may be an attempt to deny zero-rating to books which are much more interactive as an e-book. This may be tested by business in the future.
- If you supply academic content as part of a distance learning course, you may be denied zero-rating. HMRC will argue this is a single supply of distance learning, rather than a sale of academic literature with a separate offer of support and exam marking by a tutor.

How it could impact you

There are at least three ways in which this could impact you

- If you sell e-publications, you will now be more competitive in your chosen market
- If your charity offers a regular digital publication to your members, you can reduce the amount of VAT due on your membership fee
- If you buy these publications and cannot recover VAT, this should reduce the cost to you.

What to do next

We recommend a review of both your purchases and sales. Please contact Steve Chamberlain if you would like to discuss further.





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