

VAT scrapped on E-publications

- move will potentially slash the cost of e-books and newspapers making reading more accessible as people stay at home
- newspapers to receive up to £35 million additional government advertising revenue as part of coronavirus communications campaign

Plans to scrap VAT on e-books and e-newspapers have been significantly fast-tracked in a boost to readers and publishers during the coronavirus outbreak, the Chancellor announced today.

Rishi Sunak said the zero rate of VAT will now apply to all e-publications from tomorrow (1 May 2020) – seven months ahead of schedule – potentially slashing the cost of a £12 e-book by £2 and e-newspapers subscriptions by up to £25 a year.

In support of the print newspaper industry, the government has also announced it will be spending up to £35 million on newspaper advertising over the next 3 months as part of its Covid-19 communications campaign to ensure the whole UK is aware of the latest government guidance and advice.

Chancellor of the Exchequer Rishi Sunak said:

We want to make it as easy as possible for people across the UK to get hold of the books they want whilst they are staying at home and saving lives.

That is why we have fast tracked plans to scrap VAT on all e-publications, which will make it cheaper for publishers to sell their books, magazines and newspapers.

With the nation staying in their homes during lockdown and schools closed, millions have been relying more on e-publications to pass time, home school and read the news. The Chancellor has opted to bring the zero rating forward to make entertainment more affordable for readers who are rightly staying at home during the coronavirus crisis – and are more reliant on e-publications as a result.

The price of an e-book will now be VAT-free. The e-book of Hilary Mantel's *The Mirror and The Light* could be over £2 cheaper while the average tax annual saving on a typical e-newspaper or e-magazine subscription could be £25 or £20 respectively.

The move will be a boost both to readers in the form of cheaper e-books and e-newspapers, and the publishing industry who should benefit from a boost in sales.

On average publishers are reporting an increase of about a third in e-book consumption during the crisis, with some publishers reporting as much as a

50% increase. In the last seven days alone, subscriptions to TI media are up 200%, whilst Hearst's new subscribers were up more than 100% year-on-year across the second half of March.

The £35 million extra advertising revenue will be split between local, regional and national print media, and will be a vital boost to the media industry. These plans will be constantly reviewed over the next three months to ensure the campaign is as effective as possible.

Both the e-publications measure and the increased advertising spending are UK-wide.

Notes

Readers, who rely on large print sizes or find physical books difficult to hold, are expected to particularly benefit from digital reading being more financially accessible.

At the Budget in March, the Chancellor originally announced he would be applying a zero rate of VAT to supplies of e-publications (e-books, e-newspapers, e-magazines and academic e-journals) to support reading and literacy from 1 December 2020.

Research by the National Literacy Trust indicates that 1 in 4 pupils on free school meals say they read fiction digitally compared to 1 in 6 of their peers not eligible for free school meals and that over 45% of children prefer to read on an electronic device.

Statistics on e-book consumption provided by Publishers Association.

Statistics on TI Media and Hearst subscriptions provided by Professional Publishers Association

The government recognises the vital role that media organisations, including newspapers, play in ensuring the provision of trusted, high quality information and their ability to reach isolated and harder to reach communities, such as BAME and older communities.

In light of this, the government has established advertising partnerships with the nation's favourite and most-trusted media titles, as a way of delivering important government communications on coronavirus. This has allowed the government to leverage the powerful and familiar voices of over 600 national, regional and local titles across England, Scotland, Wales and Northern Ireland. It is estimated these partnerships will reach 34 million people every day and 92% of adults in the UK each month.