

VAT ON E-BOOKS

From 1 May 2020 E-publications have been included in the zero rating of books and printed matter. It includes all electronically supplied publications including e-books, e-newspapers, etc. but there are some specific exclusions:

1. Advertising

Any e-publications that are wholly or predominantly devoted to advertising audio or visual content which will be standard rated.

2. Audio books

The zero rating only applies to e-publications where these were already zero rated before being made digital. Therefore, audiobooks remain standard rated as these are not covered by the zero rate whether supplied digitally or physically.

3. Intellectual Property

Supplies of intellectual property digitally are not supplies of e-publications and therefore remain standard rated.

E-PUBLICATIONS WITH MEMBERSHIP/SUBSCRIPTIONS

Membership fees charged by not for profit bodies to its members are exempt from VAT. Where the membership fee includes benefits offered to members as part of the membership this will usually follow the liability of the membership fee, i.e. exempt.

However there is a concession available for charities and not for profits which allows them to apportion the membership fee to reflect the VAT liability of each benefit offered to its members. If the benefit is incidental no apportionment would be necessary.

Magazines, newsletters, or journals offered to members, can afford the zero rate, and charities are able to apportion part of their membership fee to these zero rated benefits. This also applies where these are provided to members digitally.

We would recommend a review of the membership fees charged to members and determine whether there is scope to make a claim for VAT in respect of the zero rated element of the membership fee. HW Fisher are happy to assist with any reviews and potential disclosures.

For more information, please get in touch with [Gerry Myton](#)

