

# Books & VAT

## Zero-rating of books etc

HMRC Reference: Notice 701/10 (December 2011)

Download:  [Zero-rating of books etc \(Acrobat PDF, 250KB\)](#)

### 3.1 Books and booklets

These normally consist of text or illustrations, bound in a cover stiffer than their pages. They may be printed in any language or characters (including Braille or shorthand), photocopied, typed or hand-written, so long as they are found in book or booklet form.

Supplies of any of the following are zero-rated:

- literary works
- reference books
- directories and catalogues
- antique books
- collections of letters or documents permanently bound in covers
- loose-leaf books, manuals or instructions, whether complete with their binder or not, and
- amendments to zero-rated loose-leaf books, even if issued separately.

School work books and other educational texts in question and answer format, are zero-rated because the spaces provided for the insertion of answers are incidental to the essential character of the book or booklet. The same applies to exam papers in question and answer format provided they qualify as books, booklets, brochures, pamphlets or leaflets.

But supplies of the following are standard-rated:

- books of plans or drawings for industrial, architectural, engineering, commercial or similar purposes
- picture card and stamp albums, **unless** they contain a substantial amount of reading matter which is complete in itself, and no more than 25% of the album is set aside for the mounting of cards and stamps
- completed stamp albums, and
- products that are essentially stationery items, for example, diaries and address books.

## **5.6 Postage packing and delivery charges**

### 2. Delivered goods

#### 2.1 How do I work out the VAT treatment for delivered goods?

A supply of goods may involve delivery to the customer. The way any delivery charge is treated for VAT purposes depends on the circumstances in which the goods are supplied.

#### 2.2 What if I deliver goods to my customers but make no additional charge?

If delivery is free, or the cost is built into the normal price, VAT is accounted for on the goods in the normal way based on the liability of the goods themselves. This applies whether or not delivery is required under the contract.

#### 2.3 What if I have to deliver the goods and I make a charge for this?

The important test is whether delivery is included in the contract. You are making a single supply of delivered goods if, under the contract, you have to deliver the goods to a place specified by the customer. This might include the customer's:

- own address;
- friends or relatives; or
- their own customers.

The position is not affected by whether the charge you make for delivery is separately itemised or invoiced to the customer. In either case there is a single supply for which the VAT liability is based on the liability of the goods being delivered. For example, any element of the price attributed to the doorstep delivery of milk and newspapers will also be zero rated. On the other hand any element attributed to the delivery of standard rated mail order goods will be standard rated.

Guidance is given in Notice 700/24 Postage and delivery charges.

Download:  [Postage and delivery charges \(Acrobat PDF, 64KB\)](#)

## **6. Single and multiple supplies**

### 6.1 Transactions with more than one element

When you supply the same person at the same time with a number of different goods or services or both, a transaction with more than one element occurs. You may, or may not, charge a single inclusive price for the transaction.

If the individual elements are all liable to VAT at the same rate, you can calculate the tax that is due in the normal way. If the individual elements are not liable to VAT at the same rate, you have to decide whether you are making a **single supply** or a **multiple supply**.

## 6.2 Distinguishing between single and multiple supplies

When you supply books or magazines etc packaged with another item, you must determine whether they constitute single or multiple supplies, in line with the principles established in the European Court of Justice judgment in Card Protection Plan (CPP).

You make a single supply when one element of the supply is the principal element to which all the other elements are ancillary, integral or incidental. An ancillary element does not constitute, for the customer, an aim in itself, but is a means of better enjoying the principal service (or good) supplied. Integral elements are elements that are essential, necessary or incidental to the main supply. An incidental element is something that naturally accompanies the main supply, such as packaging.

General indicators of a single supply, (although they are not conclusive), are:

- Single price.
- Advertised as a package.
- Components not available separately.
- Goods physically packaged together.
- Customer perceives that what they are getting is a single supply not a package (for example, a tailor made suit not cloth and tailoring services).

You make a multiple supply if one or more element is distinct and independent. The following points may indicate that more than one supply is taking place:

- Separate pricing/invoicing.
- Items available separately.

- Time differential between parts of the supply.
- Elements of the supply are not inter-dependent/connected.

### 6.3 The three possible liability outcomes

There are three possible liability outcomes if zero-rated printed matter is supplied with other items:

- The standard-rated item may be ancillary to, or an integral part of, the supply of zero-rated printed matter. The resulting supply is a single, zero-rated supply. (However, covers, cases and similar articles not separately accounted for are already zero-rated under Item 6 of Group 3, Schedule 8 of the VAT Act 1994.)
- The zero-rated printed matter may be ancillary to, or an integral part of, the supply of the standard-rated item. For example, an instruction booklet provided with a new washing machine. The resulting supply is a single, standard-rated supply.
- There may be a multiple supply, where two or more items are distinct and independent. If the items are sold for a single price and are liable to different rates of VAT you must make an apportionment, (see VAT Notice 700).

### 6.4 Common examples and problem areas

Sometimes it is easy to identify a multiple supply, as items supplied together can be used independently of each other. Common examples are books issued with films or tapes and children's colouring books issued with felt-tip pens. It is quite possible to use the film or tape independently of the book and, indeed, they need separate equipment to use them. Similarly, a child can use a felt-tip pen on any paper of his/her choice - it is sold with a colouring book as a marketing device.

One particular area that causes problems is children's activity packs. These may contain zero-rated books or booklets and standard-rated items such as jigsaw puzzles or toys. You need to decide whether the omission of any one component part would diminish the pack as a whole. It is not possible to give overall guidelines on these activity packs as each one is different, and must be judged on its own merits.

### **Distance selling of goods**

Distance selling means that a supplier sells goods to private individuals or customers established in another Member State who do not apply VAT to their intra-Community acquisitions of goods. The supplier takes care of the transport of the goods to the customers. A typical example is mail order companies. VAT of the Member State of destination is applied if sales in that Member State exceed a certain threshold (EUR 100 000 or 35 000 or the equivalent in national currency). For the threshold applicable in each Member State, see the Commission's information document "[VAT in the European Union](#)" or [Thresholds - Annex I](#)  (14 Kb). Even if the threshold is not exceeded, traders can still opt to identify for VAT in the Member State of the consumer and charge the VAT applicable in that country.

### **VAT on Digital Services (includes e-books)**

Digital services purchased over the internet are liable to VAT. The rate of VAT applicable to private individuals will depend on the status of the vendor. If the vendor is established in the European Union, he will charge the rate of VAT applicable in his Member State of establishment. If the vendor is not established in the European Union, he will charge VAT at the rate applicable in the Member State of consumption of the service.

Since 1st January 2015, operators providing these services established in the EU charge VAT at the rate applicable in the Member State where the customer resides (for further information see the [Directive 2008/8/EC](#) .

### **VAT Mini One Stop Shop**

If a business supplies digital services to consumers in the EU, it is possible to register for HM Revenue and Customs (HMRC) VAT Mini One Stop Shop (VATMOSS) scheme. Once registered for a UK VAT MOSS scheme, the business must submit, each calendar quarter, a single MOSS VAT Return and single VAT payment to HMRC. HMRC will then forward the relevant parts of the return and payment to the tax authorities in the member state(s) where the consumers are located. This fulfils VAT obligations. By using the VAT MOSS scheme, businesses do not have to register for VAT in every EU member state where digital service supplies are made to consumers. More information: [here](#).

**VAT - EU Rates**

	<b>Books %</b>	<b>Standard Rate %</b>
<b>Austria (AT)</b>	10	20
<b>Belgium (BE)</b>	6	21
<b>Bulgaria (BG)</b>	20	20
<b>Croatia (HR)</b>	5	25
<b>Cyprus (CY)</b>	5	19
<b>Czech Republic (CZ)</b>	10	21
<b>Denmark (DK)</b>	25	25
<b>Estonia (EE)</b>	9	20
<b>Finland (FI)</b>	10	24
<b>France (FR)</b>	5.5	20
<b>Germany (DE)</b>	7	19
<b>Greece (EL)</b>	6.5	23
<b>Hungary (HU)</b>	5	27
<b>Ireland (IE)</b>	0	23
<b>Italy (IT)</b>	4	22
<b>Latvia (LV)</b>	12	21
<b>Lithuania (LT)</b>	9	21
<b>Luxembourg (LU)</b>	3	17
<b>Malta (MT)</b>	5	18
<b>Netherlands (NL)</b>	6	21
<b>Poland (PL)</b>	5	23
<b>Portugal (PT)</b>	6	23
<b>Romania (RO)</b>	9	24
<b>Slovakia (SK)</b>	10	20
<b>Slovenia (SI)</b>	9.5	22
<b>Spain (ES)</b>	4	21
<b>Sweden (SE)</b>	6	25
<b>United Kingdom (UK)</b>	0	20
<b>EU Average</b>	7.6	21.6

Source: European Commission [VAT in the European Union](#)

**NB: The law is stated in general terms only as at the date below - professional legal advice may be required**

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