

EU court bans France, Luxembourg e-book tax cuts

LUXEMBOURG: France and Luxembourg must stop applying lower sales tax rates to electronic or e-books, the EU's highest court ruled on Thursday...



Luxembourg, home to the European Court of Justice. (Image: Wikimedia Commons)

The European Commission, the EU's executive arm, took legal action against the two countries in 2013 saying reduced rates could only apply to paper books.

France has levied a VAT (Value Added Tax) rate of 5.5% on e-book sales since January 2012 while Luxembourg's is just 3.0%.

The EU says the full level should be 20%.

"The Court upholds the Commission's action for failure to fulfil obligations," the Luxembourg-based European Court of Justice said in a ruling.

"The (EU's) VAT Directive excludes any possibility of a reduced VAT rate being applied to 'electronically supplied services'," it added.

Brussels had claimed that the low tax rates in France and Luxembourg distorted competition to the detriment of other member states in the 28-nation EU.

Source: AFP, via I-Net Bridge

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