



Council of the
European Union

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INFORMATION NOTE

From: General Secretariat of the Council
To: Council

Subject: Directive amending the VAT Directive (2006/112/EC) as regards rates of value added tax: actively engaging in negotiations from a cultural policy perspective
- Information from the German delegation

Delegations will find attached an information note from the German delegation on the above subject, which has been put on the agenda under 'Any other business' for the next Education, Youth, Culture and Sport Council meeting on 23 May 2018.

**Directive amending the VAT Directive (2006/112/EC) as regards rates of value added tax:
actively engaging in negotiations from a cultural policy perspective**

In its conclusions of 26 November 2012 on Cultural Governance [2012/C 393/03], the Council of the European Union invited the European Commission and the Member States to share at an early stage information about EU policies and actions with a direct or indirect impact on cultural issues and policies in order to ensure effective European and national coordination. In the spirit of this early warning system, Germany asks for support on the following issue.

On 18 January, the European Commission presented a proposal for a Council Directive amending Directive 2006/112/EC [COM(2018) 20 final]. Its aim is to update the rules on applying reduced VAT rates.

The proposal expands the scope of reduced tax rates to include all kinds of goods and services. Reduced tax rates are currently limited to goods and services explicitly listed in the VAT Directive. The proposal reverses the relationship between rule and exception: Reduced tax rates will always be allowed, unless where expressly prohibited. The amendments would give national lawmakers much greater political leeway. For example, it would be possible to apply reduced taxes to revenue from electronic books, newspapers and magazines. Goods to be excluded from VAT reductions include furniture, weapons, alcoholic beverages and tobacco, but also works of art and musical instruments. According to the Commission, these were selected because they are high-value goods that are easy to transport. The reasons given for including works of art and musical instruments in this list are not convincing and not acceptable from a cultural policy perspective.

The Commission's proposal was discussed in the Working Party on Tax Questions for the first time on 2 March 2018 – in general terms and without addressing cultural policy issues.

Germany would like to discuss this issue under AOB and, regarding this specific topic of cultural policy, will seek to ensure that reduced tax rates can be fully applied to revenue from works of art (and musical instruments). In the interest of strong cultural mainstreaming and a flourishing art market in Europe, Germany therefore calls on those involved in cultural policymaking to push for rules that benefit cultural interests.
