

Introduction

The aim of this leaflet is to explain how printed matter is treated as regards liability for VAT. Mostly, the physical characteristics as well as contents of printed matter determine its liability. As such, printed matter can either be exempt or taxable.

Supplies of the following items are exempt from VAT:

- i. maps and charts;
- ii. newspapers, journals and periodicals, etc.

These supplies are explained in detail in the paragraphs below:

1). Exemptions.

a. Newspapers

Newspapers are issued in a continuous series under the same title with each issue dated and/or serially numbered. They usually consist of several large sheets of printed matter folded rather than bound together and contain information about current national and international events of interest. Publications which do not contain a substantial amount of news are not newspapers. Newspapers may also carry such items as: readers' letters, the weather forecasts, crosswords, features, advertisements etc. However, advertising matter is standard-rated.

b. Journals and periodicals

These are magazines issued in a series at regular intervals, either in newspaper format or as paper-bound publications. They may contain information of specialised nature such as:

- legal, medical, financial, commercial, fashion or sporting; or
- general interest, the popular fiction magazine.

They usually consist of a mixture of articles and stories with contents changed for each edition. They mainly cover reading matter and to a less extent illustrations and advertising matter. Publications for the sole purpose of promoting your own products or services are not journals and periodicals.

c. Children's picture books and painting/drawing books

The supply of children's picture books and painting/ drawing books is exempt. Children's painting or drawing books should have sample pictures for copying or outlines of pictures, colouring, painting or drawing. Similar books with "invisible" outlines to colour which can be made visible by rubbing with a pencil are exempt.

d. Maps, charts and topographical plans

All printed maps and charts, designed to represent the natural and artificial features of countries, towns, seas, the heavens etc, are exempt. They can either be printed on paper or other material (e.g. cloth) and in the form of single or folded sheets or a collection of such sheets bound together in book form (e.g an atlas).

2). *Standard-rated supplies*

a. Brochures and pamphlets

These are composed of several sheets of reading matter fastened or folded together, which are not necessarily bound in covers.

They normally contain text and illustrations, but may also contain advertising material.

b. Posters

These are sheets intended for public display and are standard-rated. "Poster magazines", which have textual material on one side and a related picture that can be used as a poster on the other side, and folds in a magazine format are also standard rated.

c. Stationery

Stationery supplies such as account books and hardcovered exercise books are standard-rated. Some items which are standard-rated when new and unused can be exempt if sold after they have been completed, as long as they have physical characteristics of a book or other exempt item. Examples are completed antique diaries or ships' logs.

d. Incomplete publications

Parts of books, journals e.g. unbound pages, separate illustrations are standard-rated. But, a large work such as a book of reference, published in instalments each completed in itself, is exempt.

e. Photocopies

Photocopies of exempt items are always standard-rated unless the copies can be described as books, booklets, pamphlets, leaflets etc. A bundle of photocopies will not constitute a book unless it includes copies of all pages of a book and is in a permanent binding.

Photocopies of parts of books, extracts from periodicals etc. cannot be exempt unless they are complete in themselves and have characteristics of exempt items. If you provide "instant" photocopying or duplicating services and you cannot determine the VAT liability of the copies you supply, you should charge and account for VAT at the standard-rate.

f. Textual information

Any non-printed matter, such as audio or video cassettes is standard-rated. This includes its storage and dissemination by electronic, electrical, magnetic, chemical, microfilm, microfiche, or any similar process. Transcripts of printouts made of such non-printed information are exempt if supplied in the form of books, booklets, pamphlets or leaflets.

3). *Related Items*

a. Incidental articles supplied with exempt printed matter

Dust covers, clasps, book marks, slip cases, presentation cases and other minor accessories supplied with any exempt printed matter and not separately accounted for, are regarded as forming part of the exempt article, as such they are also exempt.

b. Binders

Ring-binders and similar binders supplied on their own are exempt if designed to contain a loose-leaf book, provided the exact title of that book is printed on the outside.

A binder supplied with loose-leaf pages to make a book is treated as part of the exempt supply whether titled or not.

All other binders or files for general or office use are standard-rated. This covers binders for part-works, journals, or periodicals (whether specifically titled or not).

c. Loans, hire and shares

If you lend or hire an article which is exempt as printed or similar matter, or sell a share or part interest in such an article, your supply is always exempt.

d. Supplies of services

If your supply is one of services it is always standard-rated, even if it involves the incidental production of a publication which would be exempt if supplied as such. For instance:

- manuscript of a book supplied by an author;
- a report commissioned from a consultant, analyst or adviser;
- a translation; etc

e. Promotional items in magazines

Promotional items such as a sachet of perfume included in a magazine are taxable.

f. Production of printed matter

Provision of services like printing, typing, graphics, etc are taxable at the standard rate. This applies whether or not the final product is exempt or standard rated.

APPENDIX

The following are examples of the liability of some common items of printed matter. You should not assume an item is exempt just because it is not in this list:

Exempt

Taxable at Standard Rate

Antique books
Antique maps
Atlases

Booklets
Charts

Comics
Diaries (completed)
Dictionaries
Encyclopedias
Geological maps
Hymn books
Journals
Magazines
Manuals
Maps
Newspapers
Picture books
Prayer books
Recipe books
Staff journals
Text books
Topographical plans

Account books
Address books
Albums
Amendment slips
Announcement cards
Appointment cards
Autograph albums
Index cards
Badges
Ballot papers
Bankers' drafts
Bills of quantity (blank)
Business cards
Calendars
Colour cards
Compliment slips
Copy books
Correspondence cards
Coupons
Coupon books
Credit cards
Delivery notes
Diaries (unused)
Draft forms
Dressmaking patterns
Engineers' plans
Envelopes
Hard covered note books
Fashion drawings
Flash cards
Folders
Forms Globes
Greeting cards

Zero rating

a. Books and School exercise books

The school exercise books covered by this zero rating are light covered exercise books, which are labeled by the manufacturer as school exercises books.

This zero rating covers all books. Books and booklets normally consist of text or illustrations, bound in a stiffer cover than the pages. They may be printed in any language or characters, typed, handwritten, or photocopied, so long as they are bound in book or booklet form.

Zero rating the manufacture of books will allow manufactures to claim the input VAT.