



REDUCED VAT RATE FOR TELEVISION SERVICES SUPPORTS INNOVATION AND BENEFITS EUROPEAN CONSUMERS

Brussels, 14 May 2008 – In response to the public consultation on the review of existing legislation on reduced Value Added Tax (VAT) rates, commercial broadcasters call on the European Commission to maintain the reduced rate for television broadcasting services as currently applied.

In the context of the latest periodical review of the Directive on the Common System of Value Added Tax (2006/112/EC) the Commission asks whether the current system of applying reduced rates is effective and whether the list of services items to which the list applies should be updated. For commercial broadcasters the discussion is of direct relevance, as several Member States have chosen to apply a reduced VAT rate to pay-TV services.

Ross Biggam, Director General ACT, commented: “A reduced VAT rate for television broadcasting services has been used intelligently by Member States as an important tool benefiting competition, innovation, consumer choice and diversity. The retention of the reduced rate is important for operators to develop in a very competitive marketplace and for consumers to participate in the information society at a time of increasing concerns about their purchasing power”.

Reduced VAT rate fostering competition & diversity in the digital world

Several EU Member States have chosen the reduced VAT rate as a policy tool to support the development of pay-TV as an alternative source of information and diversity against public incumbents. Start-up pay-TV services have played an important role in fostering competition and the reduced VAT rate has helped them to establish themselves in the market and to invest in new services.

The reduced VAT rate is an important policy tool to shape media markets in time of change and thus to promote competition, innovation and diversity for the benefit of consumers. Pay-TV services have played and will continue to play a key role in the sector. In order to encourage investment in new services, barriers to entry should be reduced wherever possible for new entrants and the reduced VAT rate plays a significant role in that respect.

Non-discrimination between different cultural services

The ACT calls on the Commission to apply a consistent approach and not to discriminate between different media and cultural services.

Ross Biggam, Director General ACT, said: "The Commission should apply a coherent approach in its VAT policy and should allow Member States to use the policy tool of a reduced VAT rate for whichever services in the media and cultural sector. Preferably this should lead to a consistent approach between broadcasting services, online press and music".

Reduced VAT rate benefiting European consumers

Any questioning of the reduced rate for VAT services applicable to TV broadcasting services is likely to have an immediate effect on consumers. Pay-TV operators in those Member States who currently benefit from a reduced VAT rate may have to pass on to consumers the entailed costs by increasing subscription fees. This would have a negative impact on the consumer's purchasing power and may hinder their participation in the Information Society as part of the transition from analogue to digital television.

About the ACT:

The Association of Commercial Television in Europe (ACT) is a trade association representing the interests of the commercial broadcasting sector in Europe. The ACT has twenty seven member companies active in 34 European countries operating over 380 free-to-air and pay-tv channels and distributing 540 channels and 170 new services. For further information, please see: www.acte.be

Mediaset does not share the views of this press release.

Press contact:

Ross Biggam
Director General
Phone: +32-2-738 76 13
GSM: +32-477-407 733
E-mail: rb@acte.be

Utta Tuttlies
Head of Communications
Phone: +32-2-738 76 18
GSM: +32-495 – 24 64 67
E-mail: ut@acte.be