



## **Motion for a Declaration in favor of a book-friendly VAT policy in Latvia**

New York, 27<sup>th</sup> May 2009

Booksellers from all over the world, united in the International Booksellers Federation (IBF), together at their annual spring conference in New York, issue the following statement regarding VAT on books in Latvia:

Since January 2009, VAT on books has increased **from 5 to 21%**, further to a decision by Latvia's four-party coalition government under Prime Minister Ivars Godmanis (who stepped down in February 2009). This makes Latvia the country with the second highest VAT rate on books in Europe. Recent figures show that book sales in Latvia have dropped between 29% and 36% in January and February 2009 and the forecast for the coming months show an even bleaker picture. Some shops reported dramatic decreases of 60% and even 70%.

Reminding the Latvian government that books are central to the acquisition of literacy, education and knowledge of all kinds, IBF reiterates its call for the lowest possible tax rate on books.

A low VAT on books is an adequate instrument to stimulate bookconsumption and to reap the benefit of increased readership.

A low VAT on books is beneficial not only for booksellers, who make more sales, or consumers, who can purchase cheaper books and have a larger choice of books, but for the whole economy. Indeed, as all book statistics show, books have no price elasticity. The huge increase in VAT, as voted by the previous Latvian government, will be counter-productive not only culturally but foremost economically, as it will inevitably lead to a sharp decrease in books sold, less turnover for the book trade, more unemployment and ultimately less tax revenue for the State.

The International Federation of Booksellers (IBF) therefore urges the newly appointed Latvian government under Valdis Dombrovskis to reconsider the position of the previous government and allow books in Latvia to benefit from a reduced VAT rate on books.

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