Value added tax (VAT): reduced rates

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The Council examined a draft Directive revising the rules on reduced rates of VAT (value-added tax).

The Presidency noted that there was **no unanimous agreement on the proposed compromise at this stage**. It pointed out that the proposed Directive was an element in the responses to the economic slowdown identified in the Commission communication to the European Council and would therefore be one of the measures raised at the next European Council.

In December 2007, the Council agreed that in 2008 it would conduct a policy debate on the impact and usefulness of reduced rates. The Commission submitted an initial proposal for a Directive in July 2008. In addition, the Commission is currently preparing a communication on the application of reduced VAT rates to environmental goods and services.