Value added tax (VAT): reduced rates

2008/0143(CNS) - 19/02/2009 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted, by 636 to 14 with 18 abstentions,

a legislative resolution amending the proposal for a Council directive amending Directive 2006/112/EC as regards reduced rates of value added tax.

The amendments – made in the framework of the consultation procedure - highlight the fact that reduced VAT rates would have a positive impact in reshaping many service sectors as they would reduce the level of undeclared work. In this context, Member States should provide clear and accessible guidance to undertakings on the scope of reduced VAT rates.

With regard to the housing sector, an amendment stresses that the Directive also makes it possible for Member States to apply reduced VAT rates to renovation and repair work aimed at increased energy savings and efficiency.

The following points are added to the Annex as eligible for reduced rates:

- supplies of goods and services of a kind normally intended for use in agricultural production, including machinery, with the exception of capital goods, such as buildings;
- children's clothing, children's footwear.