

Value added tax (VAT): common system

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The Committee on Economic and Monetary Affairs adopted the report drawn up by Udo BULLMANN (S&D, DE) amending, under the consultation procedure, the draft Council directive amending various provisions of the VAT Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (renewed consultation).

To recall, the present procedure is a re-consultation on a revised proposal from the Council, after the European Parliament adopted its opinion on the Commission's original proposal on 8 July 2008 ("Rosati Report") on the basis of a unanimous vote.

At its meeting of 9 June 2009, the ECOFIN reached political agreement on the basis of a text that significantly amends the original proposal notably as regards the introduction of more general and more far-reaching rules concerning the right of deduction. On 13 July 2009, the Council of Ministers, following a request from the Commission, informed the Parliament of its decision to obtain a new opinion on the revised proposal.

The main amendments are as follows:

- the report recalls that the purpose of the original proposal was to clarify and strengthen the right of deduction with respect to the supply of immovable property, an issue that is frequently subject to the ECJ interpretation. By referring now to the general principles of Articles 167, 168, 169 and 173, the revised proposal from the Council takes away the clarity of the original proposal and opens the way again to further ECJ rulings. The same applies to the general reference to all the provisions that deal with the adjustment. The proposed amendments aim to **bring back the necessary clarity to the right of deduction**;
- the revised proposal from the Council gives an option for Member States to bring any expenditure of any business asset, as defined by the Member States, under the scope of the Directive. This would widen the scope considerably and lead to less harmonisation. In this context, **MEPs consider that any extension of the rule to movable goods should be preceded by an analysis from the Commission on the good functioning of the common market**. Furthermore, they stipulate that minor repairs or improvements of limited economic significance should be excluded from the scope of this rule.