Value added tax (VAT): duration of the obligation to respect a minimum standard rate

2010/0179(CNS) - 23/11/2010 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 585 votes to 29, with 32 abstentions, a legislative resolution, under the consultation procedure, the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax, with regard to the duration of the obligation to respect a minimum standard rate.

The amendments adopted in plenary may be summarised as follows:

Parliament introduces a review clause specifying that by **31 December 2013**, the Commission shall submit legislative proposals to replace the current transitional minimum VAT rate level with a definitive system. For this purpose, the Commission shall hold extensive consultations with all stakeholders, public and private, on the new VAT strategy. Those consultations shall at least address: (i) VAT rates; (ii) including reduced VAT rates; (iii) as well as the desirability of setting a maximum VAT rate; (iv) the scope of VAT, the derogations from the system; (v) the alternative options for the structure and functioning of VAT, including the place of taxation for intra-Union supplies.

The Commission shall report to the European Parliament and the Council on the outcome of those consultations.

The resolution states that the focus of the new VAT strategy should be to reform the VAT rules in a manner that actively promotes the objectives of the internal market. The new VAT strategy should aim at reducing administrative burdens, removing tax obstacles and improving the business environment, particularly for small and medium-sized and labour-intensive enterprises, whilst ensuring the robustness of the system against fraud.

Lastly, Parliament stresses that there should, if possible, be a move towards a definitive system before **31 December 2015**.