Own resources: methods and procedure for making available the value added tax (VAT) based own resource

2011/0333(CNS) - 15/05/2012

The Council took note of a report on discussions on a communication from the Commission on the future of Value Added Tax (VAT) following its Green Paper on "The future of VAT – Towards a simpler, more robust and efficient VAT system".

It supports the objective of an EU VAT system which should be **simpler, more efficient and neutral, robust and fraud-proof**. Value Added Tax constitutes a major source of revenue for the national budgets and reform of the current EU VAT system should, in particular, aim at making it more effective and efficient, removing unjustified exemptions and broadening the tax base, in order to contribute to fiscal consolidation and growth.

The Council points to the following **principles and legal considerations**, which should be taken into account in furtherance of any future action: cost-efficiency, proportionality, unanimity, data protection legislation, compliance with the subsidiarity principle and full respect for the respective competences of the Union and the Member States.

In this context, the Council conclusions on the **priorities for further work** are as follows:

A simpler VAT system: the Council supports work to ensure the timely implementation of the mini One-Stop-Shop in 2015 as a key priority action. It takes note of the Commission's view that, in a VAT system based on taxation at destination, a One-Stop-Shop is a crucial instrument to facilitate access to the single market. It emphasises the importance of ensuring that initiatives designed to arrive at a simpler VAT system for businesses do not impose additional burdens on national authorities. The Commission is called upon to: (i) further clarify the legal status of the information, as well as content, form, roles and responsibilities in connection with the proposed EU VAT web portal; (ii) in close cooperation with Member States and in consultation with stakeholders, to continue its work on the setting up of an EU VAT forum for Member States and stakeholders, facilitated by the Commission.

A more efficient VAT system: the Council considers revenue generating capacity and the ability to sustain economic growth to be inherent features of a more efficient VAT system. Moreover, there is a need to examine in further detail the present EU rules on the application of VAT to the public sector, in so far as there is competition between the public and private sectors. It acknowledges the desire to clarify the rules concerning non-profit-making organisations and recalls the possibility, for the Member States that so wish, of applying reduced

VAT rates in certain sectors.

A more robust and fraud-proof VAT system: the Council fully acknowledges that continued work is needed to improve the robustness and resilience of the EU VAT system, including taking into account new technological developments. It takes note of the intention of the Commission: (i) to analyse the feasibility of new tax collection methods; (ii) to come forward with a concrete proposal for a Quick Reaction Mechanism which, with a view to combating sudden fraud, will enable the adoption at national level of temporary measures derogating from the Directive, pending the outcome of the procedures for the adoption of appropriate measures at Union level.

A VAT system tailored to the single market: the Council concurs with the Commission that the principle of taxation in the Member State of origin of the supply of goods or services, as envisaged in article 402 of Directive 2006/112/EC on the common system of value added tax, remains unlikely to be politically achievable. It invites the Commission to proceed with in-depth technical work and a broadly based dialogue with Member States to examine in detail the different possible ways to implement the destination principle.