Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

1994/0324(CNS) - 20/09/1995

Commissioner MONTI stated that he was opposed to Amendments Nos 7 and 8, which sought to extend Annex H to the Sixth VAT Directive on reduced rates to include other goods and services, such as repair services and localised services, that were not exposed to a substantial degree of cross-border competition. He was also opposed to the amendments aimed at including in Annex H labour-intensive services or environment-friendly and energy-saving goods and services. In this respect, he felt that the VAT reduction was not sufficient to promote employment in Europe; nor was the positive effect on the environment an automatic result. From a general perspective, Mr MONTI raised the problem of the impact of the extension of the reduced VAT rate on the definitive arrangements for indirect taxation, and he concluded that, if it were extended, changes to all aspects of the definitive arrangements would have to be considered. As a result, in this transitional phase, the Commission could not take over the amendments tabled. The Commission would support the programme during the vote in the Council.