Turn-over-taxes, common system of VAT: uniform basis of assessment. Report

1997/2274(COS) - 25/06/1998

Under current EC VAT legislation, Member States may apply reduced VAT rates (minimum 5%) to a ceratin number of a goods and services listed in Annex H to the sixth VAT directive. In a study, the Commission notes that there are a number of pressing problems with these derogations that must be tackled. In particular, there are no common definitions of the categories listed in Annex H, and more importantly, the optional character of Annex H, which has resulted in great differences in VAT rates between Member States. Reporting for the EMAC, Bernard CASTAGN·DE (ERA, F) feels that there is an urgent need to improve the rules for reduced VAT rates. The Committee therefore requests the Commission to lay down common definition of goods and services eligible for reduced VAT, and to rationalise and update the scope of the categories in Annex H, taking into account technological and societal change. The Committee also calls on the Commission to come up with a proposal for a directive on reduced VAT for ceratin labour intensive services. Finally, the Committee considers it necessary to embark on the process of approximating VAT rates within the EU.