Value added tax VAT: derogations granted to Austria and Portugal (amend. Directive 77/388 /EEC)

1999/0272(CNS) - 29/02/2000

The committee adopted the report (consultation procedure) by Christa RANDZIO-PLATH (PES, D) approving without amendment the Commission proposal on VAT derogations granted to Austria and Portugal. The report voiced criticisms about the proposal, believing that it did not send out the right signal for the achievement of a single VAT system, which completition of the single market required. It pointed out that, rather than additional derogations being allowed, the Member States should increasingly abolish existing derogations. However, the committee decided to endorse the Commission proposal as maintaining the derogations in question was a concession granted to the two countries within the Council as part of a 'negotiating package' needed to secure unanimous approval for the directive on a reduced VAT rate on labour-intensive services, which Parliament had long supported. The committee did not want to see the outcome of those negotiations jeopardised. The report concluded that the principle of unanimity in Council voting on taxation was highly obstructive and called for the intergovernmental conference to adopt the majority principle on tax issues.