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

1997/2274(COS) - 17/09/1998 - Text adopted by Parliament, single reading

Adopting the report by Mr Bernard CASTAGNEDE (ARE, OF) by 183 votes to 8 with 4 abstentions, the European Parliament pointed out that the current disparities in VAT rates and the conditions under which reduced rates are applied give grounds for embarking on a process of rationalisation of the structure of rates and their approximation, with a view to establishing a definitive system. The European Parliament urged the Commission: - to come forward with a proposal for a directive on the application of a reduced VAT rate, on a trial basis, to certain labour-intensive services; - to lay down common definitions of goods and services falling under the categories which make up Annex H to the Sixth Directive, to which a reduced VAT rate may be applied; - to incorporate into Annex H to the Sixth Directive all the existing or new categories of goods or services to which a reduced VAT rate may be applied and in particular both to the outputs of NGOs and to their inputs. It called in particular for: - the reduced rate for the supply, construction, restoration and conversion of housing to be uniformly applied throughout Member States, in particular in the case of the upkeep of social housing; - the reduced rate for books to be extended to CD-ROMs with a content identical or analogous to that of books; - a reduced rate of VAT to be applied to catering services. Finally, Parliament called on the Commission immediately to embark on the process of approximating VAT rates within the Union. This process should be based, firstly, on the abolition of the derogations permitting application by a Member State of a rate other than the normal rate to goods or services not covered by Annex H to the Sixth Directive and should involve requiring the Member States to apply one or two reduced VAT rates, not exceeding 14%, on the categories of goods and services defined in that annex.