Postal services: value added tax system VAT, services generally taxable

2003/0091(CNS) - 11/03/2004 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution by which it supports the Commission's proposal to abolish the VAT exemption for public postal services. An amendment forwarded by the Socialist Group to reject the entire proposal was defeated with 180 votes in favour, 240 against and 12 abstentions. Parliament voted the second report by Olle SCHMIDT (ELDR, S). The proposal will now go for the final decision to the Council, which will have to take its decision by unanimity. The resolution modifies the Commission proposal by proposing to allow the Member States to apply reduced tax rates on postal services in order to avoid or limit the price increases to the minimum. Parliament also wants to allow Member States which on 1 January 2003 applied a super reduced rate to goods and services to continue to apply this super reduced rate. The resolution also proposes to raise the weight limit for the reduced rate for standard mail from 2 kg to 10 kg. In order to comply with the VAT Directive, the Member States are asked to bring their laws, regulations and administrative provisions into force by 1 January 2007. The Member States should take the necessary measures to ensure that charitable associations and organisations are not faced with additional financial charges as a result of the Directive, for example, by adopting special provisions on reimbursement mechanisms. The adoption of the resolution by the plenary followed the rejection of the Commission proposal at the Committee on Economic and Monetary Affairs on 24 February 2004 by 16 votes to 12 with 2 abstentions.