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

2003/0091(CNS) - 08/07/2004 - Modified legislative proposal

The Commission feels that some of the amendments approved by the European Parliament are consistent with the Commission's objectives of re-establishing a level playing field in the European postal market while protecting certain postal users from higher postal prices. The Commission therefore accepts those amendments and modifies its proposal accordingly.

The amendments accepted include the following:

- Parliament proposes to widen the scope of the special place of supply rule so as to make it applicable to standard postal services relating to any addressed envelopes of packages, of ordinary correspondence, direct mail, books, catalogues and newspapers, which individually weigh no more than 10 kg. This amendment would align the weight in question with that mentioned in article 3 of Directive 97/67, and is a natural borderline in the sector. The amendment is acceptable to the Commission.

- The Commission's modified proposal amends article 15.13 of the Sixth VAT Directive so as to also exclude from the exemption the services covered by the new place of supply rule. Both public and private postal operators may require some time in order to adapt their systems to the new tax liabilities resulting from this Directive. Parliament has shown its concern in this respect and has requested that Member States and operators be given enough time to prepare for the changes. It has proposed that the deadline for the implementation of the Directive be set on 1 January 2007. This amendment is acceptable to the Commission.