Resolution on the expiry of Directive 1999/85/EC concerning reduced VAT rates on labour-intensive services

2005/2645(RSP) - 01/12/2005 - Text adopted by Parliament, topical subjects

The resolution adopted in Plenary urges the Council to prolong the experiment until the end of 2006, by which time the Commission is requested to present a comprehensive evaluation based on the data collected during the whole period of the experiment; suggests that this new evaluation take into consideration net job creation as well as the mechanism that led to it, in order to have a broad overview of the economic impact. MEPs considered that the experiment has not been in force long enough to be accurately evaluated and that the evaluation presented in 2003 was based on insufficient data. They call for account to be taken of the alarming situation regarding the expiry of the provisions in question and an immediate switch to standard VAT rates that might lead to price increases and have a negative impact on employment in the sectors concerned, and calls on the Commission and the Council to take appropriate measures to avoid legal uncertainty as of 1 January 2006.

Following evaluation, Parliament supports the inclusion of those sectors where results are satisfactory, thus making those derogations permanent, and calls on the Commission to present a proposal containing a plan for phasing out the derogations for the sectors where no positive results have been achieved.

Lastly, Parliament calls on the Council to approve without further delay the proposal for a directive which was the subject of its above-mentioned position of 14 December 2004 and which is aimed at allowing the new Member States to apply reduced rates to certain labour-intensive services if they so wish, putting an end to the current discriminatory situation.