Basic information

1996/2157(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Common system of VAT: a programme for the single market **Subject** 2.70.02 Indirect taxation, VAT, excise duties	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs, Industrial Policy	RANDZIO-PLATH Christa (PSE)	09/10/1996

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs, Citizens' Rights	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	1960	1996-11-11
Economic and Financial Affairs ECOFIN	1954	1996-10-14

Key events

Date	Event	Reference	Summary
22/07/1996	Non-legislative basic document published	COM(1996)0328	Summary
05/09/1996	Committee referral announced in Parliament		
14/10/1996	Debate in Council		
11/11/1996	Debate in Council		
22/04/1997	Vote in committee		Summary
22/04/1997	Committee report tabled for plenary	A4-0164/1997	
10/06/1997	Debate in Parliament		
10/06/1997	End of procedure in Parliament		
30/06/1997	Final act published in Official Journal		

Technical information	
Procedure reference	1996/2157(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/08138

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0164/1997 OJ C 167 02.06.1997, p. 0003	22/04/1997	
Text adopted by Parliament, single reading		T4-0287/1997 OJ C 200 30.06.1997, p. 0017-0041	10/06/1997	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1996)0328	22/07/1996	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0774/1997 OJ C 296 29.09.1997, p. 0051	09/07/1997	Summary

Common system of VAT: a programme for the single market

1996/2157(COS) - 10/06/1997 - Text adopted by Parliament, single reading

When it adopted the report by Mrs Christa RANDZIO-PLATH (PPE, D), the European Parliament took the view that the introduction of a definitive VAT system based on the principle of taxation in the country of origin, while possessing some potential advantages, would be a long process. It therefore called on the Commission to submit proposals which could be implemented without too much difficulty within the framework of a provisional system. It called on the Commission to submit its initial proposals for its programme designed to modernize and ensure the more uniform application of the current system of VAT with a view to remedying some of its shortcomings and to creating favourable conditions for the transition to the definitive system. The new VAT system must continue to be fiscally neutral so as to prevent distortion of competition. There must be no reduction in tax revenue in the Member States, and the system must prevent any shifts of revenue among the Member States. Parliament also emphasized the need to select VAT rates which made the tax socially fair and had a positive impact on employment and that an ecological tax reform must be supported. While deeming it politically difficult to widen or to narrow the current band of standard VAT rates, Parliament believed that it was essential to maintain the zero rate, to fix the reduced rate at 5% and for there to be a binding definition of all transactions falling into that category. It called for: - the application of the reduced rate or a zero rate to objects and services: - the improvement of the tax status of welfare organizations in the Union; - the application of the zero rate to the transactions of the medical professions and hospitals, to transactions carried out by social insurance funds and by welfare

organizations recognized in the Member States and to transactions concerning social security, education, training and sport. Finally, having called for the introduction of a system of penalties for breaches of law that are uniform in nature and scale, Parliament called for the principle of majority decision-making on indirect tax issues to be introduced in the Council of Ministers.

Common system of VAT: a programme for the single market

1996/2157(COS) - 22/07/1996 - Non-legislative basic document

OBJECTIVE: the Commission communication sets out the work programme it intends to follow in order to shift over to a new common system of VAT, which will be based on taxation in the country of origin of the goods. SUBSTANCE : the Commission believes that the present VAT system can be made to function more effectively but cannot be fundamentally changed. The creation of a unified European tax area, a vital element of the single market, is only possible through a complete recasting of the system. The new system envisaged would include the following elements : - reducing to only two the number of tax systems (intra-Community transactions and transactions with third countries); - registration and taxation of operators at a single place, whether for transactions within the operator's country or for intra-Community transactions; - so that Member States can receive the VAT revenue which is rightly theirs, the Commission proposes a mechanism based on a quantification of consumption by means of statistics (and not on the tax returns of taxable persons); - finally, to ensure the neutrality of VAT vis-à-vis the conditions of competition, a very large degree of harmonization is essential: as far as the standard rate is concerned, an approximation within a two-point band could prove sufficient, though a single rate would be a much better solution; as regards the reduced rates, only a small number of rates is compatible with the objective of simplifying the tax. The draft work programme leading to the new common system of VAT would be based on five steps: 1. before 31 December 1996: in addition to the proposal on the standard rate of VAT (15- 25%) which is already on the Council table, the Council will put forward proposals changing the status of the VAT Committee, improving the arrangements on mutual assistance on recovery, and a programme to establish a new spirit of administrative cooperation. 2. mid-1996 : presentation of the Communication on the broad lines of the new common system of VAT envisaged and the work programme. 3. mid-1997: the Commission will present its proposals concerning the broad general principles governing the operation of VAT and its essential features: determination of the physical scope of VAT (including the precise definition of taxable transactions); definition of the concept of the taxable person for VAT purposes; determination of the taxable amount for taxable transactions; maintenance, abolition and harmonization of exemptions; the right to deduct. Late 1997, the Commission will propose a second round in the approximation of Member States' VAT rates. 4. mid-1998 : the Commission will present proposals relating to: definition of the territorial scope of VAT; the place of taxation for transactions; Community-wide organization of the control of taxable persons. 5. late 1998/mid-1999: the Commission will present proposals relating to: the machinery for allocating the tax revenue; special schemes (abolition, harmonization); transitional measures. Finally, mid-1999, the Commission will present its proposals relating to the final round in the harmonization of rates.

Common system of VAT: a programme for the single market

1996/2157(COS) - 09/07/1997 - Economic and Social Committee: opinion, report

The ESC considers that the timetable set by the Commission is unrealistic and that full implementation of the work programme will require a more extended timescale than that envisaged. The Committee welcomes the Commission's initiative and agrees in principle with the broad concept of its work programme. It has some reservations about how certain detailed concepts would work in practice and would urge the Commission to address these issues in consultation with the social partners and other interested bodies before bringing forward legislative proposals but criticisms of specific aspects should not be interpreted as calling into question the main thrust of the plan.