Basic information

1996/2161(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Tax-free sales: vendor control systems applied by the Member States **Subject** 2.10.01 Customs union, tax and duty-free, Community transit	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs, Industrial Policy	GAROSCI Riccardo (UPE)	11/11/1996

Committee for opinion	Rapporteur for opinion	Appointed
TRAN Transport and Tourism	BELLERÉ Spalato (NI)	19/11/1996
ENVI Environment, Public Health and Consumer Protection	COLLINS Kenneth D. (PSE)	26/07/1996

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2095	1998-05-19
Transport, Telecommunications and Energy	2108	1998-06-17
Transport, Telecommunications and Energy	2074	1998-03-17

Key events

Date	Event	Reference	Summary
26/07/1996	Non-legislative basic document published	COM(1996)0245	Summary
15/11/1996	Committee referral announced in Parliament		
17/03/1998	Debate in Council		
19/05/1998	Debate in Council		
03/06/1998	Vote in committee		Summary
03/06/1998	Committee report tabled for plenary	A4-0230/1998	
17/06/1998	Debate in Council		

01/07/1998	Debate in Parliament		
02/07/1998	End of procedure in Parliament		
20/07/1998	Final act published in Official Journal		

Technical information	
Procedure reference	1996/2161(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/4/08152

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0230/1998 OJ C 210 06.07.1998, p. 0008	03/06/1998	
Text adopted by Parliament, single reading		T4-0401/1998 OJ C 226 20.07.1998, p. 0012-0059	02/07/1998	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1996)0245	26/07/1996	Summary

Tax-free sales: vendor control systems applied by the Member States

1996/2161(COS) - 02/07/1998 - Text adopted by Parliament, single reading

In adopting, by 382 votes to 66, with 40 abstentions, the report by Mr Riccardo GAROSCI (UPE, I), the European Parliament took the view that in order for the single market to be definitively implemented, different tax islands must not be allowed to remain in existence within the Union, save on a temporary basis. It called for travellers departing from ports and airports in the Union whose final destination was a country outside the Union and who were subject to double checking of registration to be authorised to buy duty-free goods at the place of departure. As regards journeys by air, Parliament called for the part of the ticket retained by the passenger be franked and for franked tickets to be marked with a symbol representing the goods bought. Where the goods could be purchased duty-free subject to a limit on value, the purchase price limit on value should also appear with the symbol on the franked ticket. Parliament considered that there was an urgent need to adopt support measures for the sectors most seriously affected by the abolition of the duty-free sales system for travel within the Community.

Tax-free sales: vendor control systems applied by the Member States

1996/2161(COS) - 26/07/1996 - Non-legislative basic document

OBJECTIVE: to provide an overview of the monitoring of intra-Community tax-free sales. SUBSTANCE: the Commission report on the situation regarding intra-Community tax-free sales presents a quite negative picture of the operation of Member States' vendor control systems. The Commission argues that the Member States have not introduced any systems ensuring that the value limit for exemption (ECU 90) is adhered to, since operators of tax-free shops do not have information on the amount of previous tax-free purchases by passengers, who are therefore able to make purchases repeatedly during the course of a single journey, on board either aircraft or vessels. For instance, virtually no Member State has done anything to ensure that information on a passengers's previous purchases is transmitted from airport to plane to be taken into account in the event of subsequent on-board tax-free purchases. In the case of sea crossings, particularly by ferry, the report stresses that not one bilateral agreement between Member States has been notified to the Commission and that in practice only one agreement of this kind seems to have been concluded. The Commission notes that vendors are generally subject to checks by the tax authorities. Doubts can be expressed as to the effectiveness of such checks, which consist solely in ensuring that the goods have not left the warehouse or the tax-free area without being recorded and do not include any check on the conditions for further exemption. In view of these findings, the report concludes that the Member States have not taken very seriously their responsibility for setting up appropriate control mechanisms. They have not even met the minimum standards set by the Council. The Commission stresses that such practices could distort competition not only with regard to shops selling tax-paid goods but especially between different means of transport. Furthermore, they could reduce the Community's VAT own resource base. It is also noted in the report that turnover at tax-free shops did not suffer as a result of the new regime for tax-free sales. It also demonstrates that the increase in the value limit, from ECU 45 to 90, was sufficient to meet the objectives of the transitional period, so that a further downward or upward adjustment would not be needed. Winding up, the Commission considers that even though tax-free sales are to be abolished in three years, Member States must try to make their control procedures more effective during the remaining period. It also recommends that operators and Member States prepare themselves quickly for the end of tax-free sales on 1 July 1999.