Basic information

1997/2274(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Turn-over-taxes, common system of VAT: uniform basis of assessment. Report **Subject** 2.70.02 Indirect taxation, VAT, excise duties	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ECON Economic and Monetary Affairs, Industrial Policy	CASTAGNÈDE Bernard (ARE)	16/02/1998
Council of the European Union			

Key events

Date	Event	Reference	Summary
13/11/1997	Non-legislative basic document published	COM(1997)0559	Summary
20/02/1998	Committee referral announced in Parliament		
25/06/1998	Vote in committee		Summary
25/06/1998	Committee report tabled for plenary	A4-0252/1998	
16/09/1998	Debate in Parliament		
17/09/1998	End of procedure in Parliament		
12/10/1998	Final act published in Official Journal		

Technical information

Procedure reference	1997/2274(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/4/09519

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0252/1998 OJ C 226 20.07.1998, p. 0004	25/06/1998	
Text adopted by Parliament, single reading		T4-0523/1998 OJ C 313 12.10.1998, p. 0133-0192	17/09/1998	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1997)0559	13/11/1997	Summary

Turn-over-taxes, common system of VAT: uniform basis of assessment. Report

1997/2274(COS) - 13/11/1997 - Non-legislative basic document

OBJECTIVE: to review the scope of the sixth VAT Directive. SUBSTANCE: this document contains the report which the Commission is required to submit to the Council pursuant to Article 12(4) of the Sixth VAT Directive with a view to reviewing the scope of the reduced VAT rates. On the basis of the information available to it the Commission considers that in general the current structure of VAT rates is not, within the Community's territory, an obstacle to the operation of the transitional VAT systems. In general the differences in VAT rates do not affect cross-border purchases, even if they sometimes influence consumers, which causes distortions. Apart from certain regions and/or certain goods, there have not been major distortions of competition or deflections of trade within the Community because of the major differences in the VAT rates applied by the Member States. The analysis of the current structure of VAT rates and, in particular, the scope of the reduced rate, always highlights two inherent problems in this structure which underlie certain distortions which disturb the competitive position of certain parties. Firstly there is the voluntary nature of Annex H and secondly the lack of common definitions of the categories in this annex. The Commission therefore hopes to encourage the Member States to examine the difficulties which these fundamental problems could cause. More specifically, the report recommends the following guidelines: - close approximation of rates is a technical necessity; - the scope for the application of reduced rates should be determined by social considerations (in order to offset the sometimes regressive character of VAT); - generally reduced VAT rates are a very imprecise tool for policy making and they should not be used as a substitute for direct subsidies; - reduced VAT rates should not affect the general neutrality of VAT.

Turn-over-taxes, common system of VAT: uniform basis of assessment. Report

1997/2274(COS) - 17/09/1998 - Text adopted by Parliament, single reading

Adopting the report by Mr Bernard CASTAGNEDE (ARE, OF) by 183 votes to 8 with 4 abstentions, the European Parliament pointed out that the current disparities in VAT rates and the conditions under which reduced rates are applied give grounds for embarking on a process of rationalisation of the structure of rates and their approximation, with a view to establishing a definitive system. The European Parliament urged the Commission: - to come forward with a proposal for a directive on the application of a reduced VAT rate, on a trial basis, to certain labour-intensive services; - to lay down common definitions of goods and services falling under the categories which make up Annex H to the Sixth Directive, to which a reduced VAT rate may be applied; - to incorporate into Annex H to the Sixth Directive all the existing or new categories of goods or services to which a reduced VAT rate may be applied and in particular both to the outputs of NGOs and to their inputs. It called in particular for: - the reduced rate for the supply, construction, restoration and conversion of housing to be uniformly applied throughout Member States, in particular in the case of the upkeep of social housing; - the reduced rate for books to be extended to CD-ROMs with a content identical or analogous to that of books; - a reduced rate of VAT to be applied to catering services. Finally, Parliament called on the Commission immediately to embark on the process of approximating VAT rates within the Union. This process should be based, firstly, on the abolition of the derogations permitting application by a Member State of a rate other than the normal rate to goods or services not covered by Annex H to the Sixth Directive and should involve requiring the Member States to apply one or two reduced VAT rates, not exceeding 14%, on the categories of goods and services defined in that annex.