Basic information

2003/0091(CNS) CNS - Consultation procedure Directive	Procedure lapsed or withdrawn
Postal services: value added tax system VAT, services generally taxable **Subject** 2.70.02 Indirect taxation, VAT, excise duties 3.30.09 Postal services, parcel delivery services	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	SCHMIDT Olle (ELDR)	20/05/2003

Former committee responsible	Former rapporteur	Appointed
ECON Economic and Monetary Affairs	SCHMIDT Olle (ELDR)	20/05/2003

Former committee for opinion	Former rapporteur for opinion	Appointed
RETT Regional Policy, Transport and Tourism	FERBER Markus (PPE-DE)	21/05/2003

Council of the European Union

European Commission

Commission DG	Commissioner
Taxation and Customs Union	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
05/05/2003	Decision by Parliament	COM(2003)0234	Summary
05/05/2003	Legislative proposal published	COM(2003)0234	Summary
15/05/2003	Committee referral announced in Parliament		

02/12/2003	Vote in committee		Summary
02/12/2003	Committee report tabled for plenary, 1st reading/single reading	A5-0467/2003	
15/12/2003	Debate in Parliament		Summary
16/12/2003	Report referred back to committee		
24/02/2004	Vote in committee		Summary
24/02/2004	Committee report tabled for plenary, 1st reading/single reading	A5-0122/2004	
10/03/2004	Debate in Parliament		
11/03/2004	Decision by Parliament	T5-0176/2004	Summary
08/07/2004	Modified legislative proposal published	COM(2004)0468	Summary
16/04/2013	Proposal withdrawn by Commission		Summary

Technical information

Procedure reference	2003/0091(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	Treaty on the Functioning of the European Union TFEU 113
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	ECON/5/20574 ECON/5/19502

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A5-0467/2003	02/12/2003	
Committee report tabled for plenary, 1st reading/single reading		A5-0122/2004	24/02/2004	
Text adopted by Parliament, 1st reading/single reading		T5-0176/2004 OJ C 102 28.04.2004, p. 0650-0814 E	11/03/2004	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2003)0234	05/05/2003	Summary
	COM(2004)0468		

Modified legislative proposal		08/07/2004	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1620/2003 OJ C 080 30.03.2004, p. 0135-0138	10/11/2003	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

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

2003/0091(CNS) - 11/03/2004 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution by which it supports the Commission's proposal to abolish the VAT exemption for public postal services. An amendment forwarded by the Socialist Group to reject the entire proposal was defeated with 180 votes in favour, 240 against and 12 abstentions. Parliament voted the second report by Olle SCHMIDT (ELDR, S). The proposal will now go for the final decision to the Council, which will have to take its decision by unanimity. The resolution modifies the Commission proposal by proposing to allow the Member States to apply reduced tax rates on postal services in order to avoid or limit the price increases to the minimum. Parliament also wants to allow Member States which on 1 January 2003 applied a super reduced rate to goods and services to continue to apply this super reduced rate. The resolution also proposes to raise the weight limit for the reduced rate for standard mail from 2 kg to 10 kg. In order to comply with the VAT Directive, the Member States are asked to bring their laws, regulations and administrative provisions into force by 1 January 2007. The Member States should take the necessary measures to ensure that charitable associations and organisations are not faced with additional financial charges as a result of the Directive, for example, by adopting special provisions on reimbursement mechanisms. The adoption of the resolution by the plenary followed the rejection of the Commission proposal at the Committee on Economic and Monetary Affairs on 24 February 2004 by 16 votes to 12 with 2 abstentions.

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

2003/0091(CNS) - 05/05/2003 - Legislative proposal

PURPOSE : to amend the Sixth VAT Directive making services provided by the postal sector subject to VAT. CONTENT : until recently the European postal sector has been characterised by a monopoly situation with limited, publicly organised range of services, not subject to competition. VAT on postal services is exempted under the EU's Sixth VAT Directive dating from the 1970's - though the exact interpretation of the Articles exempting postal services from VAT is frequently open to interpretation. With the onset of privatisation and the growth in competition for postal services the exemption of VAT for public postal services is looking increasingly anachronistic whilst at the same time fuelling distortions in the postal market. On the question of market distortion the Commission, in particular, is concerned about the effects of "hidden" VAT. Since public postal services now operate in markets that are subject to competition, the fact that VAT exemption is limited solely to the public sector inevitable leads to a situation in which competition is distorted. This regularly gives rise to complaints on the part of both private and public operators. Also affected are other public operator based groups, such as transport companies, which are usually subject to the normal VAT rules and charge and deduct VAT. Such problems indicate that the principle of neutrality at the heart of the common system of VAT no longer applies. The simplest solution would be for the Commission to propose a tax on all postal services at a standard rate. However, the Commission recognises that such an approach would lead to price increases and in particular to postal services supplied to private consumers. The Commission is therefore proposing a more moderate approach. It suggests that a reduced VAT rate shall apply to standard postal services. This will include the majority of private mail but will also apply to some business mail. To be more specific the proposed change to the VAT treatment of postal services will mean, that for any addressed postal item below 2 kg there will be one rate of VAT for the standard service. This will be either at the standard rate or the reduced rate, depending on whether the Member State has taken up the option for the latter. For any postal item over 2 kg there are two possible rates. The services will be standard rated if the item is to be delivered within the Community and exempt with a right to deduct if it is to be delivered to a third country outside of the Community.

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.