Basic information

2010/0179(CNS) CNS - Consultation procedure Directive	Procedure completed
Value added tax (VAT): duration of the obligation to respect a minimum standard rate Amending Directive 2006/112/EC 2004/0079(CNS) **Subject** 2.70.02 Indirect taxation, VAT, excise duties	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	CASA David (PPE)	06/07/2010

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3054	2010-12-07
Economic and Financial Affairs ECOFIN	3045	2010-11-17

European Commission

Commission DG	Commissioner
Taxation and Customs Union	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
24/06/2010	Legislative proposal published	COM(2010)0331	Summary
07/09/2010	Committee referral announced in Parliament		
09/11/2010	Vote in committee		Summary
15/11/2010	Committee report tabled for plenary, 1st reading/single reading	A7-0325/2010	
17/11/2010	Debate in Council		Summary
22/11/2010	Debate in Parliament		
23/11/2010	Decision by Parliament	T7-0417/2010	Summary
23/11/2010	Results of vote in Parliament		
07/12/2010	Act adopted by Council after consultation of Parliament		

07/12/2010	End of procedure in Parliament		
10/12/2010	Final act published in Official Journal		

Technical information

Procedure reference	2010/0179(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amending Directive 2006/112/EC 2004/0079(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 113
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/03268

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE445.856	17/09/2010	
Amendments tabled in committee		PE449.012	13/10/2010	
Committee report tabled for plenary, 1st reading/single reading		A7-0325/2010	15/11/2010	
Text adopted by Parliament, 1st reading/single reading		T7-0417/2010	23/11/2010	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2010)0331	24/06/2010	Summary
Commission response to text adopted in plenary	SP(2011)610	26/01/2011	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	IT_SENATE	COM(2010)0331	12/10/2010	
Contribution	PT_PARLIAMENT	COM(2010)0331	19/10/2010	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act	
Directive 2010/0088 OJ L 326 10.12.2010, p. 0001	Summary

Value added tax (VAT): duration of the obligation to respect a minimum standard rate

2010/0179(CNS) - 07/12/2010 - Final act

PURPOSE: to maintain the minimum standard VAT rate at 15% for five years from 1 January 2011 to 31 December 2015.

LEGISLATIVE ACT: Council Directive 2010/88/EU amending Directive 2006/112/EC on the common system of value added tax, with regard to the duration of the obligation to respect a minimum standard rate.

CONTENT: Article 97(1) of Directive 2006/112/EC provides that from 1 January 2006 until 31 December 2010 the standard rate may not be less than 15%.

The standard rate of value added tax (VAT) currently in force in Member States, combined with the mechanism of the transitional system has ensured that this system has functioned to an acceptable degree.

To prevent a growing divergence in the standard rates of VAT applied by the Member States from leading to structural imbalances in the European Union and distortions of competition in some sectors of activity, it is common practice in the field of indirect taxes to set minimum rates. It is still necessary to do so for VAT.

Pending the outcome of consultations on a new VAT strategy which is expected to address future arrangements and corresponding levels of harmonisation, it would be premature to set a permanent standard rate level or to consider changing the minimum rate level.

The Council adopted a directive **maintaining the minimum standard VAT (value-added tax) rate at 15% until 2015**.

This does not preclude a further revision of VAT legislation before 31 December 2015 to address the outcome of the new VAT strategy.

ENTRY INTO FORCE: 11/12/2010.

TRANSPOSITION: 01/01/2011.

Value added tax (VAT): duration of the obligation to respect a minimum standard rate

2010/0179(CNS) - 24/06/2010 - Legislative proposal

PURPOSE: to maintain the minimum standard VAT rate at 15% for five years from 1 January 2011 to 31 December 2015

PROPOSED ACT: Council Directive.

BACKGROUND: Article 97(1) of Directive 2006/112/EC ("the VAT Directive") provides that from 1 January 2006 until 31 December 2010 the standard rate may not be less than 15%. The standard rate of value added tax (VAT) currently in force in Member States, combined with the mechanism of the transitional system has ensured that this system has functioned to an acceptable degree. With new rules on the place of supply of services which favour taxation at the place of consumption, the possibilities for exploiting differences in VAT rates through relocation have been limited further and potential distortions of competition reduced.

To prevent growing divergence in standard VAT rates applied by Member States from leading to structural imbalances in the EU and distortions of competition

in some sectors of activity, it is common practice in the field of indirect taxes to set minimum rates. It is still necessary to do so for VAT. Pending the outcome of consultations on a new VAT strategy which is expected to address future arrangements and corresponding levels of harmonisation, it would be premature to set a permanent standard rate level or to consider changing the minimum rate level.

LEGAL BASE: Article 113 of the Treaty on the Functioning of the European Union.

IMPACT ASSESSMENT: the measure concerned aims only to prolong the temporary provision concerning the length of time during which the current minimum standard VAT rate is to be applied. It has a technical nature and thus does not require an impact assessment.

CONTENT: the draft directive states that the current minimum standard rate of VAT in Member States, set at 15%, be extended from 1 January 2011 to 31 December 2015.

BUDGETARY IMPLICATION: the proposal has no implication for the European Union budget.

Value added tax (VAT): duration of the obligation to respect a minimum standard rate

2010/0179(CNS) - 23/11/2010 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 585 votes to 29, with 32 abstentions, a legislative resolution, under the consultation procedure, the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax, with regard to the duration of the obligation to respect a minimum standard rate.

The amendments adopted in plenary may be summarised as follows:

Parliament introduces a review clause specifying that by **31 December 2013**, the Commission shall submit legislative proposals to replace the current transitional minimum VAT rate level with a definitive system. For this purpose, the Commission shall hold extensive consultations with all stakeholders, public and private, on the new VAT strategy. Those consultations shall at least address: (i) VAT rates; (ii) including reduced VAT rates; (iii) as well as the desirability of setting a maximum VAT rate; (iv) the scope of VAT, the derogations from the system; (v) the alternative options for the structure and functioning of VAT, including the place of taxation for intra-Union supplies.

The Commission shall report to the European Parliament and the Council on the outcome of those consultations.

The resolution states that the focus of the new VAT strategy should be to reform the VAT rules in a manner that actively promotes the objectives of the internal market. The new VAT strategy should aim at reducing administrative burdens, removing tax obstacles and improving the business environment, particularly for small and medium-sized and labour-intensive enterprises, whilst ensuring the robustness of the system against fraud.

Lastly, Parliament stresses that there should, if possible, be a move towards a definitive system before **31 December 2015**.

Value added tax (VAT): duration of the obligation to respect a minimum standard rate

2010/0179(CNS) - 17/11/2010

The Council held a policy debate on proposals for a directive and a regulation aimed at clarifying the rules on the treatment of insurance services and other financial services as regards value-added taxation (VAT).

It asked the Permanent Representatives Committee to oversee further work on the proposals, taking account of the views expressed by delegations.