

Common system of value added tax (VAT): minimum standard rate

2017/0349(CNS) - 28/03/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, following Parliament's consultation procedure, the report by Roberto GULATIERI (S&D, IT) on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax, with regard to the obligation to respect a minimum standard rate.

The committee recommended that the European Parliament **approve the Commission's proposal** without making any amendments.

As a reminder, the proposal aims to prevent the 15% minimum level applicable to the standard rate of VAT from expiring on 1 January 2018 and to ensure that all Member States apply a standard rate of 15% as a minimum on a permanent basis.

As the explanatory memorandum accompanying the report recalls, the minimum of 15% for the standard VAT rate has been prolonged six times since the Council agreed in 1992 on rules limiting the discretion of Member States to set VAT rates, requiring Member States to apply this minimum standard rate over a certain period.

While noting that the proposal has been submitted at the last moment, the rapporteur welcomes the fact that the proposal will permanently set an agreed limit that ensures the proper functioning of the internal market whilst leaving flexibility for Member States in setting the standard VAT rate, instead of numerous last-minute prolongations of a temporary minimum rate.