


# Procedure file

Basic information	
CNS - Consultation procedure Directive	1998/0331(CNS)
Value added tax VAT: level of the standard rate (amend. direct. 77/388/EEC)	Procedure completed
Subject 2.70.02 Indirect taxation, VAT, excise duties	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy	PPE <a href="#">SECCHI Carlo</a>	20/01/1999
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2181</a>	25/05/1999

Key events			
30/11/1998	Legislative proposal published	COM(1998)0693	Summary
28/01/1999	Committee referral announced in Parliament		
18/03/1999	Vote in committee		Summary
18/03/1999	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0129/1999</a>	
22/03/1999	Debate in Parliament		
23/03/1999	Decision by Parliament	T4-0214/1999	Summary
25/05/1999	Act adopted by Council after consultation of Parliament		
25/05/1999	End of procedure in Parliament		
02/06/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1998/0331(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive

Legal basis	Rules of Procedure EP 163; EC Treaty (after Amsterdam) EC 093
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/10694

### Documentation gateway

Legislative proposal	<a href="#">COM(1998)0693</a> <a href="#">OJ C 409 30.12.1998, p. 0013</a>	30/11/1998	EC	Summary
Economic and Social Committee: opinion, report	<a href="#">CES0072/1999</a> <a href="#">OJ C 101 12.04.1999, p. 0087</a>	28/01/1999	ESC	
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0129/1999</a> <a href="#">OJ C 177 22.06.1999, p. 0003</a>	18/03/1999	EP	
Text adopted by Parliament, 1st reading/single reading	T4-0214/1999 <a href="#">OJ C 177 22.06.1999, p. 0011-0036</a>	23/03/1999	EP	Summary

### Additional information

European Commission	<a href="#">EUR-Lex</a>
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### Final act

<a href="#">Directive 1999/49</a> <a href="#">OJ L 139 02.06.1999, p. 0027</a> Summary
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## Value added tax VAT: level of the standard rate (amend. direct. 77/388/EEC)

**PURPOSE:** to amend directive 77/388/EEC on the common system of value added tax with regard to the level of the standard rate.

**CONTENT:** One of the main characteristics of VAT is that it should be neutral with regard to the conditions of competition. Preserving the possibility of applying excessively divergent rates in different Member States might jeopardise this neutrality, influence the location of businesses and would therefore be inconsistent with the very principles of the single market. Consequently, this proposal is aimed at paving the way for the harmonisation of rates that is necessary in the context of the existing VAT system and, at the same time, preparing the next steps towards a gradual approximation of rates in order to permit the introduction of a common VAT system. It covers only the level of the standard rate and follows the same line of reasoning as the 1995 Commission proposal on the same subject. By means of this proposal, it is important to ensure that the degree of harmonisation already achieved is at least maintained, thereby ensuring that the transitional arrangements continue to function as satisfactorily as possible. Where the standard rate is concerned, although the disparities in the rates currently in force (between 15% and 25%) allow the single market to function more or less satisfactorily under the present tax system, laying down rules on these existing rates will provide an even stronger guarantee in this respect by preventing major distortions. The Commission has, therefore, concluded that it is appropriate to propose another rate band, which is the only instrument reflecting the political agreement of the Council in 1996. Accordingly, the lower limit of the standard rate band is fixed at 15% and the upper limit at 25%.?

## Value added tax VAT: level of the standard rate (amend. direct. 77/388/EEC)

The Committee approved Mr Secchi's report supporting a Commission proposal to extend present VAT arrangements to the end of 1999 but considered "temporary". These provide for the standard VAT rate to remain between 15% and 25% and to be applied in the country of destination. A non-binding amendment seeking to allow the "definitive" VAT system, to apply from 1 January 2000, ie. For VAT to be levied in the country of origin according to an agreement which dates back to 1991, was approved.?

## Value added tax VAT: level of the standard rate (amend. direct. 77/388/EEC)

The Parliament adopted the Commission's proposal to extend the present rules regarding VAT throughout 1999 as it stands. Two proposed amendments designed to bring about the definitive VAT system as from 1 January 2000 were rejected. The rapporteur was Mr. Carlo SECCHI (EPP, I).?

## Value added tax VAT: level of the standard rate (amend. direct. 77/388/EEC)

PURPOSE: to take a decision on the level of the minimum rate of the standard rate of value added tax (VAT) rate. COMMUNITY MEASURE: Council Directive 1999/49/EC modifying, as far as the standard rate is concerned, Directive 77/388/EEC concerning a common system for value added tax. CONTENT: the standard rate of VAT is set by each Member State at a percentage of the taxable base which is the same for the provision of goods and services. From 01.01.1999 and up to 31.12.2000, this percentage cannot be less than 15%. The Council will decide, by unanimity, the level of the standard rate applicable after 31.12.2000. ENTRY INTO FORCE: 01/01/1999.?