

# Procedure file

Basic information		
CNS - Consultation procedure Directive	<a href="#">2002/0230(CNS)</a>	Procedure completed
Value added tax VAT: labour-intensive services, extension of reduced rates (amend. Directive 77/388/EEC)		
Subject 2.70.02 Indirect taxation, VAT, excise duties 4.15 Employment policy, action to combat unemployment		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs		08/10/2002
		PSE <a href="#">RANDZIO-PLATH Christa</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2471</a>	03/12/2002
European Commission	Commission DG <a href="#">Taxation and Customs Union</a>	Commissioner	

Key events			
25/09/2002	Legislative proposal published	<a href="#">COM(2002)0525</a>	Summary
09/10/2002	Committee referral announced in Parliament		
05/11/2002	Vote in committee		Summary
05/11/2002	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A5-0366/2002</a>	
20/11/2002	Decision by Parliament	<a href="#">T5-0544/2002</a>	Summary
03/12/2002	Act adopted by Council after consultation of Parliament		
03/12/2002	End of procedure in Parliament		
07/12/2002	Final act published in Official Journal		

Technical information	

Procedure reference	2002/0230(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	EC before Amsterdam E 093
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/16770

### Documentation gateway

Legislative proposal	<a href="#">COM(2002)0525</a> OJ C 020 28.01.2003, p. 0212 E	25/09/2002	EC	Summary
Economic and Social Committee: opinion, report	<a href="#">CES1160/2002</a> <a href="#">OJ C 061 14.03.2003, p. 0193</a>	22/10/2002	ESC	
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A5-0366/2002</a>	05/11/2002	EP	
Text adopted by Parliament, 1st reading/single reading	<a href="#">T5-0544/2002</a> OJ C 025 29.01.2004, p. 0025-0177 E	20/11/2002	EP	Summary

### Additional information

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

<a href="#">Directive 2002/93</a> <a href="#">OJ L 331 07.12.2002, p. 0027-0028</a> Summary
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## Value added tax VAT: labour-intensive services, extension of reduced rates (amend. Directive 77/388/EEC)

PURPOSE : to extend the facility allowing Member States to apply reduced rates of VAT to certain labour-intensive services. CONTENT : on 22 October 1999, the Council adopted Directive 1999/85/EC amending Directive 77/388/EEC (the 6th VAT Directive) as regards the possibility of applying on an experimental basis a reduced VAT rate on labour-intensive services. Its purpose is to allow Member States that so wish to test the impact, in terms of job creation and a reduction of the underground economy, of a targeted reduction of VAT on these services. The 6th VAT Directive authorises the experimental application of a reduced rate of VAT on labour-intensive services up to 31 December 2002. It requires Member States that have applied such reduced rates to draw up a detailed report by 1 October 2002 assessing the measures' effectiveness in terms of job-creation and efficiency. Since no assessment reports have yet been submitted to the Commission by the Member States, and in view of the time needed to evaluate such reports thoroughly in accordance with the guidelines of Directive 1999/85/EC, it is essential to alter the period set in Article 28(6) of the 6th VAT Directive. It is under these circumstances that Commission considers that the first subparagraph of Article 28(6) of Directive 77/388/EC and the first paragraph of Article 1 of Decision 2000/185/EC should be amended to extend the period of validity of the authorisation to 31 December 2003 at the latest. This would allow the nine Member States currently applying a reduced rate of VAT to labour-intensive services to continue to do so for another year under the same conditions, without changing or extending the scope of the experiment.?

## Value added tax VAT: labour-intensive services, extension of reduced rates (amend. Directive 77/388/EEC)

The committee adopted the report by its chair, Christa RANDZIO-PLATH (PES, D) approving the proposal without amendment under the consultation procedure.?

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PURPOSE : to extend the facility allowing Member States to apply reduced rates of VAT to certain labour-intensive services.

COMMUNITY MEASURE : Council Directive 2002/93/EC amending Directive 77/388/EEC.

CONTENT : As a result of this amending Directive, certain Member States are authorised to apply up to 31 December 2003, a reduced rate of VAT to those labour-intensive services for which they had submitted an application. It should be noted that the Council has also adopted a decision which extends the period of application of Decision 185/2000/EC to 31 December 2003. This authorises Belgium, the Netherlands, Greece, Spain France, Italy, Portugal and the United Kingdom to apply a reduced rate of VAT to labour-intensive services.

ENTRY INTO FORCE : 07/12/2002.