


Procedure file

| Basic information | | |
|---------------------------------------------------------------------------------------------------------------|----------------|-------------------------------|
| CNS - Consultation procedure Directive | 2003/0091(CNS) | Procedure lapsed or withdrawn |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 | | 20/05/2003 |
| | | ELDR SCHMIDT Olle | |
| | Former committee responsible | | |
| | ECON Economic and Monetary Affairs | | 20/05/2003 |
| | | ELDR SCHMIDT Olle | |
| | Former committee for opinion | | |
| | RETT Regional Policy, Transport and Tourism | | 21/05/2003 |
| | | PPE-DE FERBER Markus | |
| Council of the European Union European Commission | Commission DG Taxation and Customs Union | Commissioner ŠEMETA Algirdas | |

| Key events | | | |
|------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------|---------|
| 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 | Decision by Parliament | COM(2003)0234 | 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 | |
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|------------|-----------------------------------------|-----------------------------------------------------------------------------------|---------|
| 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| 16/04/2013 | Proposal withdrawn by Commission | | Summary |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

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| Stage reached in procedure | Procedure lapsed or withdrawn |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

Documentation gateway

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|-----------------------------------------------------------------|-------------------------------------------------------------------------------------|------------|-----|---------|
| Legislative proposal | COM(2003)0234 | 05/05/2003 | EC | Summary |
| Economic and Social Committee: opinion, report | CES1620/2003 OJ C 080 30.03.2004, p. 0135-0138 | 10/11/2003 | ESC | |
| Committee report tabled for plenary, 1st reading/single reading | A5-0467/2003 | 02/12/2003 | EP | |
| Committee report tabled for plenary, 1st reading/single reading | A5-0122/2004 | 24/02/2004 | EP | |
| Text adopted by Parliament, 1st reading/single reading | T5-0176/2004 OJ C 102 28.04.2004, p. 0650-0814 E | 11/03/2004 | EP | Summary |
| Modified legislative proposal | COM(2004)0468 | 08/07/2004 | EC | Summary |

Additional information

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| European Commission | EUR-Lex |
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Postal services: value added tax system VAT, services generally taxable

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

The committee adopted the report by Olle SCHMIDT (ELDR, S) under the consultation procedure. The committee recommended that Parliament reject the proposal and called on the Commission to withdraw it and submit a new one.?

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

The European Parliament voted to reject a proposal on value added tax (VAT) on postal services. The Commission did not formally withdraw its proposal and it now returns to the Economic and Monetary Affairs Committee under Rule 68 to decide whether to formally reject the Commission's proposal.?

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

The committee adopted the second report by Olle SCHMIDT (ELDR, S) formally rejecting the proposal under the consultation procedure.?

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

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

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.

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As announced in Official Journal C 109 of 16 April 2013, the Commission decided to withdraw this proposal, which had become obsolete.