



Procedure file

Basic information		
CNS - Consultation procedure Directive	2005/0051(CNS)	Procedure completed
Value added tax VAT: length of time during which the minimum standard rate is to be applied (amend. Directive 77/388/EEC)		
Subject 2.70.02 Indirect taxation, VAT, excise duties		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		10/05/2005
Council of the European Union	Council configuration	PPE-DE BECSEY Zsolt László	
	General Affairs	Meeting 2700	Date 12/12/2005
European Commission	Commission DG Taxation and Customs Union	Commissioner	

Key events			
14/04/2005	Legislative proposal published	COM(2005)0136	Summary
10/05/2005	Committee referral announced in Parliament		
14/11/2005	Vote in committee		Summary
17/11/2005	Committee report tabled for plenary, 1st reading/single reading	A6-0323/2005	
01/12/2005	Results of vote in Parliament		
01/12/2005	Debate in Parliament		
01/12/2005	Decision by Parliament	T6-0458/2005	Summary
12/12/2005	Act adopted by Council after consultation of Parliament		
12/12/2005	End of procedure in Parliament		
28/12/2005	Final act published in Official Journal		

Technical information	
Procedure reference	2005/0051(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	EC Treaty (after Amsterdam) EC 093

Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/27754

Documentation gateway

Legislative proposal	COM(2005)0136	14/04/2005	EC	Summary
Economic and Social Committee: opinion, report	CES0852/2005 OJ C 294 25.11.2005, p. 0054-0054	14/07/2005	ESC	
Committee draft report	PE362.852	06/10/2005	EP	
Amendments tabled in committee	PE364.811	27/10/2005	EP	
Committee report tabled for plenary, 1st reading/single reading	A6-0323/2005	17/11/2005	EP	
Text adopted by Parliament, 1st reading/single reading	T6-0458/2005	01/12/2005	EP	Summary
Commission response to text adopted in plenary	SP(2005)5015	15/12/2005	EC	

Additional information

European Commission	EUR-Lex
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Final act

[Directive 2005/92](#)
[OJ L 345 28.12.2005, p. 0019-0020](#) Summary

Value added tax VAT: length of time during which the minimum standard rate is to be applied (amend. Directive 77/388/EEC)

PURPOSE: to amend Directive 77/388/EEC on the common system of value added tax, with regard to the length of time during which the minimum standard rate is to be applied.

PROPOSED ACT: Council Directive.

CONTENT: the standard rate of value added tax (VAT) currently in force in the various Member States, combined with the mechanism of the transitional system, has ensured that this system has functioned to an acceptable degree. The accession of the ten new Member States on 1 May 2004 did not alter the situation regarding the standard rate. That rate continues to range from 15% to 25% in the 25 Member States. Two Member States (Cyprus and Luxembourg) apply a 15% rate and three a 25% rate (Denmark, Hungary and Sweden). It is nonetheless important to prevent a growing divergence in the standard rates of VAT applied by the Member States from leading to structural imbalances in the Community and distortions of competition in some sectors of activity.

In these circumstances, it therefore appears appropriate to maintain temporarily the principle of a minimum standard rate of 15%, and to propose that the legislation in force be extended.

Since the application of this rate under Article 12(3)(a) of Directive 77/388/EEC expires on 31 December 2005, the object of this proposal is to enable the Council to extend the period of application of the minimum standard rate. The minimum level for the standard rate is therefore set at 15% for the five years from 1 January 2006 to 31 December 2010.

Value added tax VAT: length of time during which the minimum standard rate is to be applied (amend. Directive 77/388/EEC)

The committee adopted the report by Zsolt László BECSEY (EPP-ED, HU) amending the proposal under the consultation procedure:

- whereas the Commission had limited its proposal to continuing with the minimum standard VAT rate of 15%, the committee voted to apply a band with a minimum rate of 15% and a maximum rate of 25%. It argued that it was important to prevent growing divergences in the standard rates of VAT applied by the Member States from leading to structural imbalances in the EU and distortions of competition in certain sectors;

- the Commission should carry out a general assessment of the macro-economic impact of implicit and standard VAT rates and the implications for the budgetary revenue of the Member States in the period up to 1 January 2007. The assessment should look at allowing the

Member States the same possibilities to apply reduced VAT rates to goods and services.

Value added tax VAT: length of time during which the minimum standard rate is to be applied (amend. Directive 77/388/EEC)

The European Parliament adopted a resolution drafted by Zsolt László BECSEY (EPP-ED, HU) and made two amendments which reflect those made by its committee. (Please see the summary of 14/11/2005.) The resolution was adopted with 512 votes in favour, 81 against and 10 abstentions

Value added tax VAT: length of time during which the minimum standard rate is to be applied (amend. Directive 77/388/EEC)

PURPOSE : to amend Directive 77/388/EEC on the common system of value added tax, with regard to the length of time during which the minimum standard rate is to be applied.

LEGISLATIVE ACT : Council Directive 2005/92/EC amending Directive 77/388/EEC with regard to the length of time during which the minimum standard rate of VAT is to be applied.

CONTENT : to recall, the standard rate of VAT currently in force in the various Member States, combined with the mechanism of the transitional system, has ensured that this system has functioned to an acceptable degree. That rate continues to range from 15% to 25% in the 25 Member States. Two Member States (Cyprus and Luxembourg) apply a 15% rate and three a 25% rate (Denmark, Hungary and Sweden). It is nonetheless important to prevent a growing divergence in the standard rates of VAT applied by the Member States from leading to structural imbalances in the Community and distortions of competition in some sectors of activity. In these circumstances, it therefore appears appropriate to maintain temporarily the principle of a minimum standard rate of 15%, and to propose that the legislation in force be extended.

Since the application of this rate under Article 12(3)(a) of Directive 77/388/EEC expires on 31 December 2005, the purpose of this Council Directive is to enable the Council to extend the period of application of the minimum standard rate. The minimum level for the standard rate is therefore set at 15% for the five years from 1 January 2006 to 31 December 2010.

ENTRY INTO FORCE : 28 December 2005.

TRANSPOSITION : 1 January 2006.