


Procedure file

Basic information		
CNS - Consultation procedure Directive	1994/0324(CNS)	Procedure completed
Value added tax VAT: taxation of agricultural outputs (amend. Direct. 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, Industrial Policy	PSE METTEN Alman	25/01/1995
	Former committee responsible		
	ECON Economic and Monetary Affairs, Industrial Policy	PSE METTEN Alman	25/01/1995
	Former committee for opinion		
	AGRI Agriculture and Rural Development	ELDR MULDER Jan	13/02/1995
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	1940	25/06/1996
	Economic and Financial Affairs ECOFIN	1906	11/03/1996
	Economic and Financial Affairs ECOFIN	1863	10/07/1995
	Economic and Financial Affairs ECOFIN	1856	19/06/1995
	Economic and Financial Affairs ECOFIN	1812	05/12/1994

Key events			
05/12/1994	Debate in Council	1812	
13/12/1994	Legislative proposal published	COM(1994)0584	Summary
25/04/1995	Committee referral announced in Parliament		
19/06/1995	Debate in Council	1856	
10/07/1995	Debate in Council	1863	Summary
19/07/1995	Vote in committee		Summary
19/07/1995	Committee report tabled for plenary, 1st	A4-0190/1995	

	reading/single reading		
20/09/1995	Debate in Parliament		Summary
22/09/1995	Decision by Parliament	T4-0431/1995	Summary
22/09/1995	Report referred back to committee		
13/11/1995	Vote in committee		Summary
28/11/1995	Vote in committee		Summary
28/11/1995	Committee report tabled for plenary, 1st reading/single reading	A4-0307/1995	
12/12/1995	Decision by Parliament	T4-0594/1995	Summary
25/06/1996	Act adopted by Council after consultation of Parliament		
25/06/1996	End of procedure in Parliament		
09/07/1996	Final act published in Official Journal		

Technical information

Procedure reference	1994/0324(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	EC before Amsterdam E 099
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/07120; ECON/4/06534

Documentation gateway

Legislative proposal	COM(1994)0584 OJ C 389 31.12.1994, p. 0014	13/12/1994	EC	Summary
Economic and Social Committee: opinion, report	CES0574/1995 OJ C 236 11.09.1995, p. 0010	31/05/1995	ESC	Summary
Committee report tabled for plenary, 1st reading/single reading	A4-0190/1995 OJ C 269 16.10.1995, p. 0010	19/07/1995	EP	
Text adopted by Parliament, partial vote at 1st reading/single reading	T4-0431/1995 OJ C 269 16.10.1995, p. 0194-0213	22/09/1995	EP	Summary
Committee report tabled for plenary, 1st reading/single reading	A4-0307/1995 OJ C 017 22.01.1996, p. 0005	28/11/1995	EP	
Text adopted by Parliament, 1st reading/single reading	T4-0594/1995 OJ C 017 22.01.1996, p. 0020-0026	12/12/1995	EP	Summary

Additional information

European Commission	EUR-Lex
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Final act

Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

The proposal for a directive seeks to allow the Council to give a ruling on the taxation which will apply to agricultural products from 1.1.1995, as required by Community VAT legislation. The aim is to consolidate fiscal equality in the internal market by eliminating distortions of competition which have arisen as a result of structural imbalances in the level of VAT rates currently applied by Member States to supplies of agricultural products. To this end the directive proposes extending to all Member States, on a temporary basis, the option of applying a reduced rate to supplies of agricultural outputs of the floricultural and horticultural sectors (including bulbs, roots and the like, cut flowers and ornamental foliage), and wood for use as firewood. ?

Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

The ESC's Opinion approved the proposal for a directive, which was necessary for the smooth functioning of the single market.

Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

In January 1995 the Commission had submitted a report on the application of provisional VAT arrangements since 1993 in which it had concluded that they were operating satisfactorily and that no changes needed to be made at this juncture except in the particular case of taxation of agricultural outputs. For the latter, the Commission proposed a Directive to allow all Member States henceforth the option - until the definitive VAT arrangements were introduced - of applying a reduced rate to supplies of live plants and other floricultural products and to supplies of wood. The discussion on this proposal failed to yield a conclusion at this stage. The Council accordingly requested the Presidency and the Commission to pursue their contacts with Member States in order to find, if possible, a basis for a unanimous decision.

Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

The Committee on Economic and Monetary Affairs adopted the report by Mr Alman METTEN on the proposal for a directive on the common system of Value Added Tax (taxation of agricultural outputs). This report amends the 6th VAT Directive in the context of the single market. Working on the findings of an independent study, which indicated that the lifting of fiscal barriers in 1993 had not radically altered purchasing behaviour, the rapporteur proposed including in Annex H (products subjected to reduced rates of VAT) those services which entailed a high intensity of low-skilled labour, in order to be in line with the White Paper on growth, competitiveness and employment. Similarly, the rapporteur proposed including in the Annex those products bearing the European environment-friendly label, which are not subjected to significant cross-border competition. ?

Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

Commissioner MONTI stated that he was opposed to Amendments Nos 7 and 8, which sought to extend Annex H to the Sixth VAT Directive on reduced rates to include other goods and services, such as repair services and localised services, that were not exposed to a substantial degree of cross-border competition. He was also opposed to the amendments aimed at including in Annex H labour-intensive services or environment-friendly and energy-saving goods and services. In this respect, he felt that the VAT reduction was not sufficient to promote employment in Europe; nor was the positive effect on the environment an automatic result. From a general perspective, Mr MONTI raised the problem of the impact of the extension of the reduced VAT rate on the definitive arrangements for indirect taxation, and he concluded that, if it were extended, changes to all aspects of the definitive arrangements would have to be considered. As a result, in this transitional phase, the Commission could not take over the amendments tabled. The Commission would support the programme during the vote in the Council.

Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

In adopting the report by Mr Alman METTEN (PSE), Parliament proposed including in Annex H of the 6th VAT Directive (products subjected to reduced rates of VAT) the provision of services entailing a high intensity of low-skilled labour, as a first fiscal step towards the promotion of employment, the more sparing use of raw materials and the prevention of the black market in jobs. Similarly, Parliament proposed including on this list those products bearing the European environment-friendly label which are not subjected to significant cross-border competition. ?

Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

The plenary sitting approved the proposal for the report to be put back by one month in order to allow Mr Metten to negotiate a compromise with Mr Monti, so that the report might be put on the agenda for the December 1995 sitting solely for voting purposes.

Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

At its plenary sitting, initially on 28 September and then on 13 November, Parliament failed to adopt the legislative resolution on the proposal for a directive seeking to amend Directive 77/388/EEC on the common system of Value Added Tax (rapporteur Mr Alman METTEN, PSE, NL). In fact, the Commission had stated that it could not accept Parliament's amendments, particularly that which sought to apply a reduced rate of VAT to services entailing a high intensity of low-skilled labour. As a result of his contacts with the Commission, the rapporteur, Mr METTEN, proposed a compromise amendment which had been accepted in principle by the MRC. The text provided for a study to be undertaken in order to assess the impact which such a reduction would have on employment creation, particularly with regard to the introduction of a reduced level of VAT for the end consumer in different sectors. These findings would be used as a basis for possible amendments to the 6th VAT directive. ?

Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

In adopting the report by Mr METTEN (PSE, NL), the European Parliament approved the proposal for a directive with the amendments adopted at the plenary sitting of 22 September 1995 and with an additional amendment: - The Commission shall commission an external study on the potential impact on employment creation of fiscal instruments and, in particular, a reduced VAT rate to be applied to services and entailing a high intensity of low-skilled labour in sectors with social, cultural or environmentally-friendly character; - this study shall be submitted to the EP and the Council before the Commission hands over its report on the possible review of the scope of the reduced rates, as laid down in the 6th VAT directive. ?

Value added tax VAT: taxation of agricultural outputs (amend. Direct. 77/388/EEC)

OBJECTIVE: consolidating fiscal equality in the internal market by eliminating distortions of competition which have arisen as a result of structural imbalances in the level of VAT rates currently applied by Member States to supplies of agricultural outputs. COMMUNITY MEASURE: Directive 96/42/EC amending Directive 77/388/EEC on the common system of Value Added Tax. SUBSTANCE: the Directive extends to all Member States, on a transitional basis, the option of applying a reduced rate to supplies of agricultural outputs of the floricultural and horticultural sectors (including bulbs, roots and the like, cut flowers and ornamental foliage) and wood for use as firewood. DATE OF ENTRY INTO FORCE: the Directive is applicable from 1 January 1995. ?