

Proposal for a Council Directive amending 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

(2001/C 531 E/13)

COM(2000) 537 final — 2000/0223(CNS)

(Submitted by the Commission on 20 September 2000)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 93 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas:

(1) Article 12(3)(a) of Council Directive 77/388/EEC of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes — Common system of value added tax: uniform basis of assessment ⁽¹⁾, lays down that the Council shall decide on the level of the standard rate to be applied after 31 December 2000.

(2) While the standard rate of value added tax 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, 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, at least in the period in which a new VAT strategy is being implemented to simplify and modernise current Community legislation on VAT, as set out in the Commission communication of 7 June 2000 ⁽²⁾.

(3) It is therefore appropriate to maintain the current minimum standard rate at 15 % for a further period long enough to allow the strategy for simplification and modernisation to be implemented,

HAS ADOPTED THIS DIRECTIVE:

Article 1

The first and second subparagraphs of Article 12(3)(a) of Directive 77/388/EEC are replaced by the following:

'The standard rate of value added tax shall be fixed by each Member State as a percentage of the taxable amount and shall be the same for the supply of goods and for the supply of services. From 1 January 2001 until 31 December 2005, this percentage may not be less than 15 %.

On a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, the Council shall decide unanimously on the level of the standard rate to be applied after 31 December 2005.'

Article 2

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 1 January 2001 at the latest. They shall forthwith inform the Commission thereof.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the provisions of domestic law which they adopt in the field covered by this Directive.

Article 3

This Directive shall enter into force on the third day following that of its publication in the *Official Journal of the European Communities*.

It shall apply from 1 January 2001.

Article 4

This Directive is addressed to the Member States.

⁽¹⁾ OJ L 145, 13.6.1977, p. 1. Directive as last amended by Directive 2000/17/EC (OJ L 84, 5.4.2000, p. 24).

⁽²⁾ COM(2000) 348 final.