

2009 - 2014

Plenary sitting

15.11.2011 B7-0610/2011

MOTION FOR A RESOLUTION

further to Question for Oral Answer B7-00648/2011

pursuant to Rule 115(5) of the Rules of Procedure

on modernisation of the VAT legislation in order to boost the digital single market

Marielle Gallo, Jean-Paul Gauzès on behalf of the PPE Group Kay Swinburne Ashley Fox

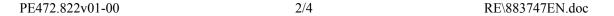
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B7-0610/2011

European Parliament resolution on modernisation of the VAT legislation in order to boost the digital single market

The European Parliament,

- having regard to having regard to the question [of 30 September 2011] to the Commission on modernisation of the VAT legislation in order to boost the digital single market (O-000226/2011 – B7 00648/2011),
- having regard to Articles 113 and 167 TFEU,
- having regard to Directive 2006/112/EC on the common system of value added tax,
- having regard to Directive 2008/8 amending Directive 2006/112/EC as regards the place of supply of services,
- having regard to the Communication from the European Commission Europe 2020: a strategy for smart, sustainable and inclusive growth,
- having regard to the Communication from the European Commission a digital agenda for the future,
- having regard to the Green Paper from the European Commission on the Future of VAT,
- having regard to the European Parliament Resolution of 12 May 2011 on unlocking the potential of cultural and creative industries,
- having regard to the European Parliament resolution of 13 October 2011 on the future of VAT,
- having regard to the OECD Guidelines on the Neutrality of VAT,
- having regard to Rules 115(5) and 110(2) of its Rules of Procedure,
- A. whereas the EU 2020 strategy contains the flagship initiative to create a digital single market:
- B. whereas the EU digital single market remains fragmented and this is partly due to the EU tax system and, in particular, to the consumption taxes that apply to goods and services;
- C. whereas the economic crisis has severely damaged economic growth opportunities and the digital economy has the potential to contribute significantly to the prosperity of Europe in the years to come;
- D. whereas the European Union must fulfil the potential of the single market by facilitating online and cross-border trade among Member States;





- E. whereas the European Commission is currently reflecting on the future of VAT and the EU 2020 Strategy must be taken into account;
- 1. Points out that the current legal framework and in particular annex 3 of directive 2006/112/EC is a barrier to the development of new digital services and, accordingly, is inconsistent with the goals set out in the digital agenda;
- 2. Considers that the VAT rates applicable to books illustrate the shortcomings of the current legislation; while Member States may apply reduced VAT rates for the supply of books on all physical means, e-books are subject to a standard rate of at least 15 per cent; this discrimination is untenable given the potential growth of this segment of the market;
- 3. Underlines that the European Union must be ambitious and go beyond remedying the inconsistencies of the current legal framework; encouraging companies to develop and offer new pan-European online services should be a priority in the review of VAT rules;
- 4. Recalls the example of the Internet Tax Freedom Act in the United States that came into force in 1998 and has been extended ever since; this Act, that prohibits federal and local governments to apply any discriminatory sales tax rate to online sales, had a significant impact on the e-commerce and contributed to the setting up of companies that dominate the market globally;
- 5. Points out, however, that the European Union should work out tailor-made solutions to its own needs; for the development of a genuine single market, the European Union law could allow Member States to apply, on a temporary basis, a reduced VAT rate for electronically supplied services of cultural content;
- 6. This new category, that would be included in the current annex 3 of directive 2006/112/CE, could cover the provision of online services, such as TV, music, books or press, by a supplier established within the EU to any person also established within the EU;
- 7. The application of a reduced VAT rate for online cultural content will inevitably boost the European Union's creation, production and distribution on all platforms of digital content;
- 8. Recalls the OECD principles on the taxation of e-commerce agreed at the 1998 conference in Ottawa; these principles establish that the rules for consumption taxes, such as VAT, should result in taxation in the jurisdiction where consumption takes place; according to directive 2008/8/CE, the OECD principles will apply to the European Union as from 1 January 2015;
- 9. Considers that a review of VAT legislation giving more flexibility to Member States on reduced VAT rates should go hand in hand with the review of the reduced VAT rates and also with the application of the principles laid down in directive 2008/8/CE; points out, however, that in order to enable all Member States to benefit equally from the digital single market, the principle of the taxation in the member State where the customer belongs should apply as soon as possible; stresses that any review should lead to the simplification of the VAT system, as for example one-stop-shop for VAT, and the elimination of the double taxation;

- 10. Calls on the Commission to examine the possibility to review directive 2008/8/CE in order to provide that VAT will be paid in accordance with the destination principle, before 1 January 2015;
- 11. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.

