

**Question for written answer E-004483/2013
to the Commission**
Rule 117
Agnès Le Brun (PPE)

Subject: Flat-rate VAT scheme for agriculture

Directive 2006/112/EC allows Member States to implement a flat-rate scheme for agricultural holdings which would face difficulties if they were liable for the normal VAT rate.

Article 299 of the Directive states that 'The flat-rate compensation percentages may not have the effect of obtaining for flat-rate farmers refunds greater than the input VAT charged'.

The OECD study 'Taxation and Social Security in Agriculture 2005' reveals that the German VAT system gives undertakings a competitive advantage, since the flat-rate scheme is applied to large agricultural holdings as well as small ones. Although this advantage was initially regarded as 'weak', advanced tax techniques such as the legal sub-division of holdings and successive switches from one scheme to another mean that it now amounts to 3.8 cents per kilo in the pig-farming sector.

1. Does the Commission believe that this practice complies with EU law? Does it not believe that it represents a distortion of competition?
2. If the Commission believes that the German legislation infringes the VAT Directive or the spirit of the latter, what measures does it intend to take to put a stop to the situation?
3. Given the immediacy of the threat posed by this practice, what urgent steps could it take to restore a measure of tax justice for agricultural undertakings?