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Answer given by Mr Moscovici
on behalf of the Commission
(17.11.2017)

According to Article 120 of the VAT Directive[1], Greece has the discretion to apply VAT rates up to 30% lower than the corresponding rate applied in the mainland in the departments of Lesbos, Chios, Samos, the Dodecanese and the Cyclades as well as on the islands of Thassos, the Northern Sporades, Samothrace and Skiros. Under the VAT Directive, abolishing geographic VAT variations does not preclude Greece from reintroducing them at a later stage.

At the same time, in the context of its European Stability Mechanism (ESM) stability support programme, Greece committed to abolish the lower VAT rates on the islands, as these created unnecessary distortions and administrative costs. While there is no doubt that the migration crisis has created hardships that have to be appropriately addressed, reduced VAT rates are not the most effective or targeted means to do so.

As regards the support to competitiveness and employment under the regional programmes of North Aegean and South Aegean, the allocation of the European Regional Development Fund (ERDF) and the European Social Fund (ESF) is the following:

For North Aegean: The programme allocation for competitiveness (axis 1-ERDF) is EUR 40 million and for employment (axis 2a-ESF) is EUR 40.5 million. For South Aegean: The programme allocation for competitiveness (axis 1-ERDF) is EUR 22.4 million and for employment (axis 4-ESF) is EUR 47.4 million.

[1] Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, OJ L 347, 11.12.2006.