



2020/2263(INI)

21.10.2021

AMENDMENTS

1 - 160

Draft report
Olivier Chastel
(PE662.096v01-00)

Implementation of the 6th VAT Directive: what is the missing part to reduce the EU VAT gap?
(2020/2263(INI))

Amendment 1

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Citation 2

Motion for a resolution

— having regard to Articles 113 *and* 115 of the Treaty on the Functioning of the European Union (TFEU),

Amendment

— having regard to Articles 113 of the Treaty on the Functioning of the European Union (TFEU),

Or. en

Amendment 2

Markus Ferber

Motion for a resolution

Citation 30 a (new)

Motion for a resolution

Amendment

— *having regard to the European Court of Auditor's Special Report no 12/2019: E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved,*

Or. en

Amendment 3

Lídia Pereira

Motion for a resolution

Recital A

Motion for a resolution

A. whereas in 1977 the Council adopted a sixth VAT directive with a view to achieving a uniform tax base under which harmonised rates were to be set out; whereas the Member States decided to apply a transitional period in which to achieve this, which has since been

Amendment

A. whereas in 1977 the Council adopted a sixth VAT directive with a view to achieving a uniform tax base under which harmonised rates were to be set out; whereas, *at the time, all Member States have already adopted a system of value added tax in accordance with the first and second Council Directives of 11 April*

extended;

1967 on the harmonization of the laws of the Member States relating to turnover taxes; whereas the Member States decided to apply a transitional period in which to achieve this, which has since been extended;

Or. en

Amendment 4

Lídia Pereira

Motion for a resolution

Recital B

Motion for a resolution

B. whereas the VAT Directive¹⁸ has recast and repealed the Sixth Directive, for the purposes of greater clarification; whereas this directive provides for the transitional rules to be replaced by a definitive system based on taxation in the Member State of origin; whereas the transitional system is complex, flawed and *structurally* vulnerable to fraud;

¹⁸ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

Amendment

B. whereas the VAT Directive¹⁸ has recast and repealed the Sixth Directive, for the purposes of greater clarification; whereas this directive provides for the transitional rules to be replaced by a definitive system based on taxation in the Member State of origin; whereas the transitional system is complex, flawed and vulnerable to fraud;

¹⁸ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

Or. en

Amendment 5

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Recital B a (new)

Motion for a resolution

Amendment

B a. whereas tax collection is primarily responsibility of each Member State;

Amendment 6**Lídia Pereira****Motion for a resolution****Recital C***Motion for a resolution*

C. whereas in 2013 a major overhaul was initiated to introduce a definitive system based on the destination principle, which makes it less vulnerable to fraud¹⁹ ;

¹⁹ As outlined in the EU Action Plan on VAT of 7 April 2016.

Amendment

C. whereas in 2013 a major overhaul was initiated to introduce a definitive system based on the destination principle, which makes it less vulnerable to fraud¹⁹ ; ***whereas the destination principle implies that VAT is levied on the Member State of the final consumption and this must lead to tax neutrality;***

¹⁹ As outlined in the EU Action Plan on VAT of 7 April 2016.

Amendment 7**Lídia Pereira****Motion for a resolution****Recital D***Motion for a resolution*

D. whereas on 25 May 2018 a proposal for a directive was adopted which introduced detailed arrangements for a definitive VAT regime for intra-EU business-to-business trade in goods and put an end to the ‘transitional’ system; whereas Parliament adopted its position on 12 February 2019; whereas the Council has not yet adopted a position;

Amendment

D. whereas on 25 May 2018 a proposal for a directive was adopted which introduced detailed arrangements for a definitive VAT regime for intra-EU business-to-business trade in goods and put an end to the ‘transitional’ system; whereas Parliament adopted its position on 12 February 2019; whereas the Council has not yet adopted a position; ***whereas this decision blockade delays important decisions on adapting the VAT for the challenges we face in the framework of the European economy recovery; and that the absence of action leads to the***

maintenance of the loopholes that allow the VAT gap to grow;

Or. en

Amendment 8
Lídia Pereira

Motion for a resolution
Recital E

Motion for a resolution

E. whereas the VAT gap in the EU has been reduced from 20% in 2009 to 10% in 2019; whereas owing to the pandemic and its socio-economic effects, this trend was reversed in 2020; whereas estimated losses of EUR 164 billion have been incurred, of which one third has fallen into the hands of fraudsters and organised crime networks;

Amendment

E. whereas the VAT gap in the EU has been reduced from 20% in 2009 to 10% in 2019, ***according to fast estimates that indicates that the gap could fall below EUR 130 billion***; whereas owing to the pandemic and its socio-economic effects, this trend was reversed in 2020; whereas estimated losses of EUR 164 billion have been incurred, of which one third has fallen into the hands of fraudsters and organised crime networks; ***whereas this losses can represent a VAT gap of 13.7%; whereas this scenario demands policy strategic options***;

Or. en

Amendment 9
Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution
Recital E a (new)

Motion for a resolution

E a. whereas according to the 2020 Final Report in the context of the 'Study and Reports on the VAT Gap in the EU-28 Member States' prepared for the Commission, the VAT gap in Member States varied from less than 1% in Sweden and Croatia to more than 33% in Romania;

Amendment

E a. whereas according to the 2020 Final Report in the context of the 'Study and Reports on the VAT Gap in the EU-28 Member States' prepared for the Commission, the VAT gap in Member States varied from less than 1% in Sweden and Croatia to more than 33% in Romania;

Amendment 10

Olivier Chastel, Stéphanie Yon-Courtin, Gilles Boyer

Motion for a resolution

Recital E a (new)

Motion for a resolution

Amendment

E a. whereas this loss is detrimental both for the EU budget (VAT is the EU's second own resource), for national budgets, for business and for European citizens;

Amendment 11

Olivier Chastel, Stéphanie Yon-Courtin, Gilles Boyer

Motion for a resolution

Recital E b (new)

Motion for a resolution

Amendment

E b. whereas the Fiscalis program for the period 2021-2027, with a budget of EUR 269 million, aims to fight tax injustice by helping national tax authorities to cooperate better to combat tax fraud, tax evasion and aggressive tax planning; whereas the previous program brought in EUR 591 million in revenue for the EU;

Amendment 12

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Recital E b (new)

Motion for a resolution

Amendment

E b. whereas the Parliament fully respects the principle of national tax sovereignty;

Or. en

Amendment 13

Olivier Chastel, Stéphanie Yon-Courtin, Gilles Boyer

Motion for a resolution

Recital E c (new)

Motion for a resolution

Amendment

E c. whereas the EU's network of anti-fraud experts, Eurofisc, must, in order to be effective, be strengthened and provided with sufficient resources to carry out joint risk analyses, coordinate investigations and cooperate with the European Anti-Fraud Office (OLAF), Europol and the European Public Prosecutor's Office, in particular with a view to investigating VAT fraud; whereas a system of differentiated VAT rates and high compliance costs potentially increase fraud;

Or. en

Amendment 14

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Recital E c (new)

Motion for a resolution

Amendment

E c. whereas taxation is primarily the competence of the Member States and is subject to the unanimity requirement within the Council as stated in article 113 of the Treaty on the Functioning of the European Union;

Amendment 15

Lídia Pereira

Motion for a resolution

Recital F

Motion for a resolution

F. whereas Opinion No 11/2020 of the Court of Auditors focuses on the new method put forward for calculating the VAT-based own resource;

Amendment

F. whereas Opinion No 11/2020 of the Court of Auditors focuses on the new method put forward for calculating the VAT-based own resource; ***whereas this opinion states that the proposal "significantly simplifies the calculation of the Member States' VAT-based own resource as compared to the current system" but "identified the risk that the definitive multiannual Weighted Average Rate may not be representative for all Member States";***

Amendment 16

Olivier Chastel, Stéphanie Yon-Courtin, Gilles Boyer

Motion for a resolution

Recital F a (new)

Motion for a resolution

Amendment

F a. whereas the socio-economic crisis caused by the COVID-19 pandemic has required substantial fiscal and budgetary efforts from the governments; that due to the socio-economic effects of the pandemic, VAT revenues will be regressive within the next year;

Amendment 17

Lídia Pereira

Motion for a resolution

Recital F a (new)

Motion for a resolution

Amendment

F a. whereas the VAT-based own resource accounted for 11% of the EU budget in 2019, on a total amount of EUR 17.8 billion;

Or. en

Amendment 18

Lídia Pereira

Motion for a resolution

Recital G

Motion for a resolution

Amendment

G. whereas the Commission's 'Action Plan for fair and simple taxation supporting the recovery' is part of the EU's new strategy for simplifying and adapting taxation to the digitisation of the economy and the green transition, and for combating tax fraud and evasion;

G. whereas the Commission's 'Action Plan for fair and simple taxation supporting the recovery' is part of the EU's new strategy for simplifying and adapting taxation to the digitisation of the economy and the green transition, and for combating tax fraud and evasion; ***whereas this Action Plan identifies matters related to VAT as priorities, focusing on the fight against VAT fraud and the modernisation of VAT on financial services, taking into account the digitalization of the economy;***

Or. en

Amendment 19

Lídia Pereira

Motion for a resolution

Recital H

Motion for a resolution

Amendment

H. whereas, since the adoption of the

deleted

VAT Directive, financial services have been, with certain exceptions, exempt from VAT on the grounds that they are subject to other taxes (such as tax on insurance premiums);

Or. en

Amendment 20
Lídia Pereira

Motion for a resolution
Recital H a (new)

Motion for a resolution

Amendment

H a. whereas the VAT, as an indirect tax collected by all 27 Member States, comprehends several different national regimes and that from all of them it is possible to extract good practices and apply on a European-wide reform; whereas national examples should be considered as models to take into account and the European Commission must act as a platform to exchange such good practices; whereas the national legislative changes performed by Portugal, in 2013, creating incentives for consumers to request invoices in hard-to-tax sectors, are one of such good examples;

Or. en

Amendment 21
Alfred Sant, Pedro Marques, Niels Fuglsang, Aurore Lalucq

Motion for a resolution
Recital H a (new)

Motion for a resolution

Amendment

H a. whereas the general objective of digitalisation of taxation is key to ensure transparency, accountability and automated reporting, essential for a

definitive, simplified and future-proof VAT regime; whereas the COVID-19 pandemic has catalysed the development of digitalisation for all transactions; whereas SMEs are at the centre of such digitalisation process and should be supported in this respect in acquiring the latest technology and know-how;

Or. en

Amendment 22

Olivier Chastel, Stéphanie Yon-Courtin, Gilles Boyer

Motion for a resolution

Recital H a (new)

Motion for a resolution

Amendment

H a. whereas parliament works in full respect of the principle of national fiscal and budgetary sovereignty; supports the ambition to find innovative tax solutions, in line with new economic, social and environmental realities;

Or. en

Amendment 23

Marco Zanni, Valentino Grant, Antonio Maria Rinaldi

Motion for a resolution

Paragraph 1

Motion for a resolution

Amendment

1. Observes that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019; that the taxable base at the standard VAT rate varied from 97% (BG) to 47% (ES); that on average, the VAT gap is 10% in the EU but that it varies greatly from Member State to Member State²⁰; that the number of reduced and super-reduced rates varies between Member States; ***that only***

1. Observes that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019; that the taxable base at the standard VAT rate varied from 97% (BG) to 47% (ES); that on average, the VAT gap is 10% in the EU but that it varies greatly from Member State to Member State²⁰; that the number of reduced and super-reduced rates varies between Member States;

five Member States²¹ continue to apply super-reduced rates; that only Denmark does not apply reduced rates;

²⁰ From 33% in RO as far down to 1% in SE and HR.

²¹ ***FR, IE, IT, LU and ES as of 1 January 2021.***

Or. it

Amendment 24
Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution
Paragraph 1 a (new)

Motion for a resolution

Amendment

1 a. Welcomes that the overall trend is positive as the VAT gap declined from 20 % in 2009 to 10 % in 2019 in the EU Member States which suggests that the VAT fraud in the EU is in decline and consequently VAT revenues to GDP are on the rise;

Or. en

Amendment 25
Markus Ferber

Motion for a resolution
Paragraph 1 a (new)

Motion for a resolution

Amendment

1 a. Calls on the European Commission and Member States to analyse and exchange the best practice in those Member States that succeed in avoiding a large VAT gap;

Or. en

Amendment 26

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 2

Motion for a resolution

2. Notes that simplifying VAT with the introduction of a single rate and revenue neutrality could reduce the standard rate in the EU by an average of 7%, thus bringing the standard rate down from **13% to 2%**;

Amendment

2. Notes that simplifying VAT with the introduction of a single rate and revenue neutrality could reduce the standard rate in the EU by an average of **7 percentage points**, thus bringing the standard rate down from **13 to 2 percentage points**; **encourages Member States to explore the benefits which such a single reduced standard rate would have for fair competition on their market**;

Or. en

Amendment 27

Alfred Sant, Pedro Marques, Paul Tang, Aurore Lalucq

Motion for a resolution

Paragraph 2

Motion for a resolution

2. Notes that **simplifying VAT with the introduction of a single rate and revenue neutrality** could reduce the standard **rate** in the EU **by an average of 7%, thus bringing the standard rate down from 13% to 2%**;

Amendment

2. Notes that **rough estimates show that a revenue-neutral tax reform** could reduce the standard **VAT rate on average by 7 percentage points** in the EU-27, **in addition to reducing compliance costs; highlights that, according to those estimates, the size of the reduction varies between EU member states from 2 to 13 percentage points**;

Or. en

Amendment 28

Elisabetta Gualmini

Motion for a resolution
Paragraph 2

Motion for a resolution

2. Notes that simplifying VAT with the introduction of a single rate and revenue neutrality could reduce the standard rate ***in the EU by an average of 7%, thus bringing the standard rate down from 13% to 2%***;

Amendment

2. Notes that simplifying VAT with the introduction of a single rate and revenue neutrality could, ***by some estimates, possibly*** reduce the standard rate ***but that is not the only answer to the need to tackle the complexity of the tax system and risks having a social impact on citizens and consumers in terms of higher prices***;

Or. it

Amendment 29
Olivier Chastel, Stéphanie Yon-Courtin, Gilles Boyer

Motion for a resolution
Paragraph 2

Motion for a resolution

2. Notes that simplifying VAT with the introduction of a single rate and revenue neutrality could reduce the standard rate in the EU by an average of ***7%, thus bringing the standard rate down from 13% to 2%***;

Amendment

2. Notes that simplifying VAT with the introduction of a single rate and revenue neutrality could reduce the standard rate in the EU-27 by an average of ***7 percentage points, thus the potential VAT rate deduction ranges from 13 percentage points (EL) to 2 percentage points (EE)***;

Or. en

Amendment 30
Kira Marie Peter-Hansen
on behalf of the Verts/ALE Group

Motion for a resolution
Paragraph 2

Motion for a resolution

2. Notes that simplifying VAT with

Amendment

2. Notes that simplifying VAT with

the introduction of a single rate and revenue neutrality could reduce the standard rate in the EU by an average of 7%, **thus bringing the standard rate down from 13% to 2%**;

the introduction of a single rate and revenue neutrality could reduce the standard rate in the EU by an average of 7%; **observes that a lower standard VAT rate would benefit consumers, in particular low income households**;

Or. en

Amendment 31

Marco Zanni, Valentino Grant, Antonio Maria Rinaldi

Motion for a resolution

Paragraph 2

Motion for a resolution

2. Notes that simplifying VAT **with the introduction of a single rate and revenue neutrality** could reduce the standard rate in the EU by an average of 7%, thus bringing the standard rate down from 13% to 2%;

Amendment

2. Notes that simplifying VAT could reduce the standard rate in the EU by an average of 7%, thus bringing the standard rate down from 13% to 2%;

Or. it

Amendment 32

Lídia Pereira

Motion for a resolution

Paragraph 3

Motion for a resolution

3. Takes the view that applying a multitude of reduced rates aggravates the complexity and opacity of the tax system, facilitates fraud and increases compliance costs;

Amendment

3. Takes the view that applying a multitude of reduced rates aggravates the complexity and opacity of the tax system, facilitates fraud and increases compliance costs; **notes, however, that the reduced rates can be used to pursue important objectives, mainly on access to basic necessity goods; understands that the application of reduced rates must lead to a decrease on the price to the consumer**;

Or. en

Amendment 33

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 3

Motion for a resolution

3. Takes the view that applying a multitude of reduced rates aggravates the complexity and opacity of the tax system, facilitates fraud and increases compliance costs;

Amendment

3. Takes the view that applying a multitude of reduced rates aggravates the complexity and opacity of the tax system, facilitates fraud and increases compliance costs; ***notes that, instead of striving for reduced rates for environmentally friendly products or services, applying a uniform standard VAT rate with mark-ups for high-polluting goods and services should be considered;***

Or. en

Amendment 34

Alfred Sant, Pedro Marques, Paul Tang, Aurore Lalucq

Motion for a resolution

Paragraph 3

Motion for a resolution

3. Takes the view that applying a multitude of reduced rates aggravates the complexity and opacity of the tax system, ***facilitates fraud and*** increases compliance costs;

Amendment

3. Takes the view that applying a multitude of reduced rates ***has a legitimate purpose in society, notably to reduce the regressiveness of the VAT system and helping achieve certain national policy objectives, but it also*** aggravates the complexity and opacity of the tax system, increases compliance costs ***and may facilitate fraud;***

Or. en

Amendment 35

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution
Paragraph 3

Motion for a resolution

3. Takes the view that applying a multitude of reduced rates aggravates the complexity and opacity of the tax system, facilitates fraud and increases compliance costs;

Amendment

3. Takes the view that applying a multitude of reduced rates aggravates the complexity and opacity of the tax system, facilitates fraud and increases compliance costs; ***stresses that tax competition is the main mechanism helping Member States to identify and close the loopholes and shortcomings responsible for tax evasion;***

Or. en

Amendment 36
Martin Schirdewan, José Gusmão

Motion for a resolution
Paragraph 3

Motion for a resolution

3. Takes the view that applying a multitude of reduced rates aggravates the complexity and opacity of the tax system, facilitates fraud and increases compliance costs;

Amendment

3. Takes the view that applying a multitude of reduced rates aggravates the complexity and opacity of the tax system, facilitates fraud and increases compliance costs; ***stresses, however, that any measure of simplification should not lead to higher VAT rates;***

Or. en

Amendment 37
Elisabetta Gualmini

Motion for a resolution
Paragraph 3

Motion for a resolution

3. Takes the view that ***applying a multitude of*** reduced rates ***aggravates the complexity and opacity of the tax system,***

Amendment

3. Takes the view that, ***in certain countries, applying*** reduced rates ***may be an instrument of social leverage and***

facilitates fraud and increases compliance costs;

protection for a number of goods and sectors, such as health, food or construction;

Or. it

Amendment 38

Marco Zanni, Valentino Grant, Antonio Maria Rinaldi

Motion for a resolution

Paragraph 3

Motion for a resolution

3. Takes the view that *applying a multitude of reduced rates aggravates the complexity and opacity of the tax system, facilitates fraud and increases compliance costs;*

Amendment

3. Takes the view that *Member States should be able to continue to use reduced rates to combat poverty, support disadvantaged production sectors and assist economically depressed geographical areas;*

Or. it

Amendment 39

Lídia Pereira

Motion for a resolution

Paragraph 3 a (new)

Motion for a resolution

Amendment

3 a. Notes the amplitude of different standard rates between the Member States and the complexity that it brings to the system, although justified by different national economic systems; underlines that this complexity is aggravated by the different application of reduced rates that are legitimate to pursue social and environmental objectives; recalls that the possibility to apply super reduced rates (in 5 Member States) and parking rates (in 5 Member States) constitutes an additional obstacle to a coherent and fully interoperable common system;

Amendment 40

Lídia Pereira

Motion for a resolution

Paragraph 3 b (new)

Motion for a resolution

Amendment

3 b. Understands that the increasingly higher complexity of the system is motivated by te multiple rates, but mainly by the exemptions and derogations, that must be admitted as a exception; recalls the specific situation of unequal treatment of Member States pre and post 1992, to which different rules apply; calls on the Commission to address this issue in future legislative proposals;

Or. en

Amendment 41

Lídia Pereira

Motion for a resolution

Paragraph 3 c (new)

Motion for a resolution

Amendment

3 c. Notes that, over the past two decades, the Commission has launched almost 200 infringement procedures; calls on the Commission to present a summary of the main findings of these procedures to prepare future legislative proposals, namely on reduced rates, exemptions and non-transposition;

Or. en

Amendment 42

Lídia Pereira

Motion for a resolution
Paragraph 3 d (new)

Motion for a resolution

Amendment

3 d. *Notes that the coronavirus pandemic justified VAT-related exception rules, that prove the need for a degree of flexibility to face urgent or unexpected circumstances; urges the Commission to take this into account on future legislative proposals regarding VAT;*

Or. en

Amendment 43
Alfred Sant, Pedro Marques, Paul Tang, Niels Fuglsang, Aurore Lalucq

Motion for a resolution
Paragraph 4

Motion for a resolution

Amendment

4. Observes that the VAT gap fluctuates in line with the business cycle, and that low tax compliance is ***correlated*** with high standard VAT rates and multiple VAT rates ***as well as*** lower legal and judicial efficiency;

4. Observes that the VAT gap fluctuates in line with the business cycle, and that low tax compliance is ***sometimes associated*** with high standard VAT rates and multiple VAT rates ***but also with*** lower legal and judicial efficiency, ***weaker legal institutions, higher perceived levels of corruption and the overall share of the shadow economy;***

Or. en

Amendment 44
Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution
Paragraph 4

Motion for a resolution

Amendment

4. Observes that the VAT gap fluctuates in line with the business cycle,

4. Observes that the VAT gap fluctuates in line with the business cycle,

and that low tax compliance is correlated with high standard VAT rates and multiple VAT rates as well as lower legal and judicial efficiency;

and that low tax compliance is correlated with high standard VAT rates and multiple VAT rates as well as lower legal and judicial efficiency; ***encourages the Commission and Member States to share the best practices in this regard;***

Or. en

Amendment 45

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 4 a (new)

Motion for a resolution

Amendment

4 a. Notes with concern that some Member States do not generally exempt in kind donations from VAT, leading businesses to destroy consumer goods, notably returns, rather than donating them to charitable causes, even though such an exemption is possible under the existing VAT Directive; calls on the Commission to issue guidance to Member States, clarifying that VAT exemptions for in kind donations are compatible with the existing Union law on VAT until Council proposal 2018 (COM(2018) 20 final, Article 98.2) is adopted by Member States;

Or. en

Amendment 46

Lídia Pereira

Motion for a resolution

Paragraph 4 a (new)

Motion for a resolution

Amendment

4 a. Regrets the lack of available data on regional differences being possibly a major limitation for measuring the VAT

gap; calls on the Commission to check whether producing regional VAT gap measurements publicly could be a valuable tool improving transparency and reducing the VAT gap;

Or. en

Amendment 47

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 5

Motion for a resolution

5. Takes the view that the current diversity of reduced rates imposes **particularly high** compliance costs on businesses; and that compliance costs are estimated to be an average of 2.5% of company turnover and vary considerably from Member State to Member State²² ;

²² Less than 1% in LU; almost 4% in PL.

Amendment

5. Takes the view that the current diversity of reduced rates imposes **additional** compliance costs on businesses; and that **total enterprise tax** compliance costs are estimated to be an average of 2.5% of company turnover and vary considerably from Member State to Member State²² , **while VAT, Corporate Income Tax, and wage related taxes and contributions are rated the most burdensome, followed by property and real estate taxes^{22b}**;

²² Less than 1% in LU; almost 4% in PL.

^{22b} **Study on tax compliance costs for SMEs – Final Report, DG GROW, European Commission, 2018, p. xv**

Or. en

Amendment 48

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 5

Motion for a resolution

Amendment

5. Takes the view that the current diversity of reduced rates imposes particularly high compliance costs on businesses; and that compliance costs are estimated to be an average of 2.5% of company turnover and vary considerably from Member State to Member State²² ;

²² Less than 1% in LU; almost 4% in PL.

5. Takes the view that the current diversity of reduced rates imposes particularly high compliance costs on businesses; and that compliance costs are estimated to be an average of 2.5% of company turnover and vary considerably from Member State to Member State²²; ***also notes that digitalisation can contribute greatly to the reduction of compliance costs for businesses;***

²² Less than 1% in LU; almost 4% in PL.

Or. en

Amendment 49

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 6

Motion for a resolution

6. Observes that SMEs must pay proportionately higher compliance costs, as these costs are fixed and independent of company size, and that high compliance costs constitute a barrier to entry into the EU internal market; takes the view, therefore, that differentiated VAT regimes within the EU ***may act as a disincentive to exports;***

Amendment

6. Observes that SMEs must pay proportionately higher compliance costs, as these costs are fixed and independent of company size, and that high compliance costs constitute a barrier to entry into the EU internal market; takes the view, therefore, that differentiated VAT regimes within the EU ***create an unlevel playing field between large multinational companies and SMEs, however the empirical evidence on the effect of VAT systems on international trade is inconclusive;***

Or. en

Amendment 50

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 6

Motion for a resolution

6. Observes that SMEs must pay proportionately higher compliance costs, as these costs are fixed and independent of company size, and that high compliance costs constitute a barrier to entry into the EU internal market; ***takes the view, therefore, that differentiated VAT regimes within the EU may act as a disincentive to exports;***

Amendment

6. Observes that SMEs must pay proportionately higher ***total enterprise tax*** compliance costs, as these costs are fixed and independent of company size, and that high compliance costs constitute a barrier to entry into the EU internal market; ***notes that empirical evidence on the effect of VAT systems on international trade is inconclusive***^{22c};

^{22c} *DIW Econ study, page 21*

Or. en

Amendment 51

Lídia Pereira

Motion for a resolution

Paragraph 6

Motion for a resolution

6. Observes that SMEs ***must*** pay proportionately higher compliance costs, as these costs are fixed and independent of company size, and that high compliance costs constitute a barrier to entry into the EU internal market; takes the view, therefore, that differentiated VAT regimes within the EU may act as a disincentive to exports;

Amendment

6. Observes that SMEs pay proportionately higher compliance costs, as these costs are fixed and independent of company size, and that high compliance costs constitute a barrier to entry into the EU internal market; takes the view, therefore, that ***significantly*** differentiated VAT regimes within the EU may act as a disincentive to exports;

Or. en

Amendment 52

Markus Ferber

Motion for a resolution

Paragraph 6

Motion for a resolution

6. Observes that SMEs must pay

Amendment

6. Observes that SMEs must pay

proportionately higher compliance costs, as these costs are fixed and independent of company size, and that high compliance costs constitute a barrier to entry into the EU internal market; takes the view, therefore, that differentiated VAT regimes within the EU may act as a disincentive to exports;

proportionately higher compliance costs, as these costs are fixed and independent of company size, and that high compliance costs constitute a barrier to entry into the EU internal market; takes the view, therefore, that differentiated VAT regimes within the EU may act as a disincentive to *intra-EU* exports;

Or. en

Amendment 53

Alfred Sant, Pedro Marques, Paul Tang, Aurore Lalucq

Motion for a resolution

Paragraph 7

Motion for a resolution

7. Notes digitalisation's potential to reduce compliance costs; maintains that digital innovations²³ are likely to reduce compliance costs and help increase the transparency of commercial transactions; stresses the need to ensure data security and individual *and corporate* privacy;

²³ Such as AI, big data and blockchain technology.

Amendment

7. Notes digitalisation's potential to reduce compliance costs *in the long term*; maintains that digital innovations²³ are likely to reduce compliance costs and help increase the transparency of commercial transactions; stresses the need to ensure data security and individual privacy; *insists that SMEs and other vulnerable economic actors need to be supported through EU programmes and EU-induced trainings in the digital transition in order to benefit from it and contribute to it; stresses that such general approach towards accelerating the digitalisation of SMEs' know-how and operations on the ground would ultimately benefit VAT collection*;

²³ Such as AI, big data and blockchain technology.

Or. en

Amendment 54

Lídia Pereira

Motion for a resolution

Paragraph 7

Motion for a resolution

7. Notes digitalisation's potential to reduce compliance costs; maintains that digital innovations²³ are likely to reduce compliance costs and help increase the transparency of commercial transactions; stresses the need to ensure data security and individual and corporate privacy;

²³ Such as AI, big data and blockchain technology.

Amendment

7. Notes digitalisation's potential to reduce compliance costs; maintains that digital innovations²³ are likely to reduce compliance costs and help increase the transparency of commercial transactions; stresses the need to ensure data security and individual and corporate privacy; ***looks forward to the legislative proposal for modernising VAT reporting obligations and calls on the Commission to come up with less red-tape focusing on easy application by traders;***

²³ Such as AI, big data and blockchain technology.

Or. en

Amendment 55

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 7

Motion for a resolution

7. Notes digitalisation's potential to reduce compliance costs; maintains that digital innovations²³ are likely to reduce compliance costs and help increase the transparency of commercial transactions; stresses the need to ensure data security and individual and corporate privacy;

²³ Such as AI, big data and blockchain technology.

Amendment

7. Notes digitalisation's potential to reduce compliance costs; maintains that digital innovations²³ are likely to reduce compliance costs and help increase the transparency of commercial transactions ***and fight VAT fraud;*** stresses the need to ensure data security and individual and corporate privacy; ***highlights the potential of Distributed Ledger Technology (DLT) to prevent VAT fraud as, e.g. Missing Trader Intra-Community Fraud;***

²³ Such as AI, big data and blockchain technology.

Or. en

Amendment 56

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 7

Motion for a resolution

7. Notes digitalisation's potential to reduce compliance costs; maintains that digital innovations²³ are likely to reduce compliance costs **and** help increase the transparency of commercial transactions; stresses the need to ensure data security and individual and corporate privacy;

²³ Such as AI, big data and blockchain technology.

Amendment

7. Notes digitalisation's potential to reduce compliance costs; maintains that digital innovations²³ are likely to reduce compliance costs, help increase the transparency of commercial transactions **and reduce red tape**; stresses the need to ensure data security and individual and corporate privacy;

²³ Such as AI, big data and blockchain technology.

Or. en

Amendment 57

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 7 a (new)

Motion for a resolution

Amendment

7 a. In order to facilitate trade and increase legal certainty in the single market, the Commission, in cooperation with Member States, should establish a Union VAT Web information portal for businesses. That portal should provide quick, up-to-date and accurate access to relevant information about the implementation of the VAT system in the different Member States and in particular on the correct VAT-rates for different goods and services in the different Member States, as well as the conditions for zero-rate; Such a portal may also help to address the current VAT gap;

Amendment 58
Markus Ferber

Motion for a resolution
Paragraph 7 a (new)

Motion for a resolution

Amendment

7 a. Points to the Union One-Stop Shop as an example for digital innovation allowing European businesses to simplify VAT obligations and thus compliance costs in the area of e-commerce sales within the EU; notes that such a reduction in compliance costs is particularly beneficial for small and medium enterprises; calls on the European Commission to explore how to expand the scope of the OSS;

Or. en

Amendment 59
Lídia Pereira

Motion for a resolution
Paragraph 7 a (new)

Motion for a resolution

Amendment

7 a. Calls on Member States to increase and improve cooperation between themselves and apply thoroughly the set of rules on the exchange of VAT payment data to facilitate detection of tax fraud in cross-border e-commerce transactions adopted in February 2020;

Or. en

Amendment 60
Lídia Pereira

Motion for a resolution
Paragraph 7 b (new)

Motion for a resolution

Amendment

7 b. *Notes that Member States are already employing new technologies to improve the efficiency of domestic purchases control for tax matter; understands that these national measures must be taken into account in any VAT system reform, as good practices to be considered; stands for more coordination between Member States in this regard, in order to facilitate cross-border transactions, without excessive costs for operators and consumers; welcomes the Commission intention to present a legislative proposal for modernising VAT reporting obligations; calls on the Commission to present concrete proposals to promote a quicker system of exchange of information on VAT intra-EU transactions and to make it interoperable with national mechanisms; stands for the expansion of e-invoicing;*

Or. en

Amendment 61
Lídia Pereira

Motion for a resolution
Paragraph 7 c (new)

Motion for a resolution

Amendment

7 c. *Underlines the urgency to tackle the VAT cross-border fraud and the carousel fraud, with the proper implementation of efficient exchange of information mechanisms and the adequate means (both human, financial, technical and technological) for authorities such as OLAF; stresses the valuable contribution of organisms like Eurofisc; recalls the role of payment*

services providers and the need to guarantee high standards of reporting on VAT;

Or. en

Amendment 62

Alfred Sant, Pedro Marques, Paul Tang

Motion for a resolution

Paragraph 8

Motion for a resolution

8. Observes that the wide variety of rates **causes** price distortion in the internal market, creating incentives for cross-border purchases and giving rise to increased tax competition between Member States; recalls that companies need clear and unambiguous VAT rules to encourage cross-border business and reduce their administrative burdens;

Amendment

8. Observes that the wide variety of rates **may cause** price distortion in the internal market, creating incentives for cross-border purchases and giving rise to increased tax competition between Member States; recalls that companies need ***simplified and centralised access to information on rates, as well as*** clear and unambiguous VAT rules to encourage cross-border business and reduce their administrative burdens; ***welcomes in this respect the simplified and digitalised method for registering under the VAT exemption regime for SMEs engaging in cross-border business activities through an online portal, thus reducing costs and administrative burdens;***

Or. en

Amendment 63

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 8

Motion for a resolution

8. Observes that the wide variety of rates causes price distortion in the internal market, creating incentives for cross-border

Amendment

8. Observes that the wide variety of rates causes price distortion in the internal market, creating incentives for cross-border

purchases and giving rise to increased tax competition between Member States; recalls that companies need clear and unambiguous VAT rules to encourage cross-border business and reduce their administrative burdens;

purchases and giving rise to increased tax competition between Member States; ***notes that in particular the diversification of VAT rates creates an incentive to exploit price differences across countries by shifting consumption to Member States with lower VAT rates and distort revenue collection by governments and thus potentially lead to tax competition among Member States;*** recalls that companies need clear and unambiguous VAT rules to encourage cross-border business and reduce their administrative burdens;

Or. en

Amendment 64

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 8

Motion for a resolution

8. Observes that the wide variety of rates ***causes*** price distortion in the internal market, creating incentives for cross-border purchases and giving rise to increased tax competition between Member States; recalls that ***companies need clear and unambiguous VAT rules*** to encourage cross-border business and reduce ***their*** administrative burdens;

Amendment

8. Observes that the wide variety of rates ***can cause*** price distortion in the internal market, creating incentives for cross-border purchases and giving rise to increased tax competition between Member States; ***notes that 26 out of 27 Member States use the reduced rates as part of their tax and social policies;*** recalls that ***one common web information portal about the implementation of VAT system in different Member States would*** encourage cross-border business and reduce administrative burdens ***of companies;***

Or. en

Amendment 65

Lídia Pereira

Motion for a resolution

Paragraph 8

Motion for a resolution

8. Observes that the wide variety of rates causes price distortion in the internal market, creating incentives for cross-border purchases ***and giving rise to increased tax competition between Member States***; recalls that companies need clear and unambiguous VAT rules to encourage cross-border business and reduce their administrative burdens;

Amendment

8. Observes that the wide variety of rates causes price distortion in the internal market, creating incentives for cross-border purchases; recalls that companies need clear and unambiguous VAT rules to encourage cross-border business and reduce their administrative burdens;

Or. en

Amendment 66

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 8 a (new)

Motion for a resolution

Amendment

8 a. Welcomes the positive trend of reducing the compliance costs due to continuing digitization of businesses and public administration; notes that in OECD countries the time necessary for tax compliance fell between 2006 and 2020 from 230 hours to 162 hours, mainly due to the adoption of electronic filing and payment systems^{23a};

^{23a} *PWC, Paying Taxes 2020, page 27*

Or. en

Amendment 67

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 9

Motion for a resolution

Amendment

9. Stresses that ***a well-designed*** VAT

9. Stresses that ***an effective*** VAT

system *is neutral and should not affect trade, but that in practice this principle is difficult to verify at global level given the application of VAT exemptions, the ineffectiveness of refund systems, the wide variety of rates – incurring higher compliance costs – and the fact that VAT has superseded income taxes with a view to encouraging trade;*

system *with low average tax rates is less vulnerable to tax evasion and tax optimisation;*

Or. en

Amendment 68

Alfred Sant, Pedro Marques, Niels Fuglsang

Motion for a resolution

Paragraph 9

Motion for a resolution

9. Stresses that a well-designed VAT system is neutral and should not affect trade, but that in practice this principle is difficult to verify at global level given the application of VAT exemptions, the ineffectiveness of refund systems, the wide variety of rates – incurring higher compliance costs – and the fact that VAT has superseded income taxes with a view to encouraging trade;

Amendment

9. Stresses that a well-designed VAT system is neutral and should not affect trade, but that in practice this principle is difficult to verify at global level given the application of VAT exemptions, the ineffectiveness of refund systems, the wide variety of rates – incurring higher compliance costs – and the fact that VAT has superseded income taxes with a view to encouraging trade; ***stresses that an increasing number of SMEs are willing to trade across the EU, especially through online transactions, and that the EU VAT system should aim at facilitating such cross-border growth;***

Or. en

Amendment 69

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 9

Motion for a resolution

Amendment

9. ***Stresses that a well-designed*** VAT system is neutral ***and should not affect*** trade, ***but that in practice this principle is difficult to verify at global level*** given the application of VAT exemptions, ***the ineffectiveness of*** refund systems, the wide variety of rates – ***incurring higher compliance costs*** – and the fact that VAT has superseded income taxes with a view to encouraging trade;

9. ***Recognises that the*** VAT system is ***not*** neutral, ***potentially affecting*** trade, given the application of VAT exemptions, refund systems, the wide variety of rates and the fact that VAT has superseded income taxes with a view to encouraging trade;

Or. en

Amendment 70

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 9

Motion for a resolution

9. Stresses that a well-designed VAT system is neutral and should not affect trade, but that in practice this principle is difficult to verify at global level given the application of VAT exemptions, the ineffectiveness of refund systems, the wide variety of rates – incurring higher compliance costs – ***and the fact that VAT has superseded income taxes with a view to encouraging trade;***

Amendment

9. Stresses that a well-designed VAT system is neutral and should not affect trade, but that in practice this principle is difficult to verify at global level given the application of VAT exemptions, the ineffectiveness of refund systems, the wide variety of rates – incurring higher compliance costs;

Or. en

Amendment 71

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 9 a (new)

Motion for a resolution

9 a. Notes in comparison to EU27 that among 50 federal states of the USA there are over 11,000 standard sales tax

Amendment

jurisdictions with a distinct aggregate sales tax rate based on a unique combination of factors, including sales taxes levied by taxing authorities at the state, county, city, and district levels^{23b};

^{23b} <https://taxfoundation.org/state-sales-tax-jurisdictions-in-the-us-2020/>

Or. en

Amendment 72
Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution
Paragraph 9 a (new)

Motion for a resolution

Amendment

9 a. *Considers whether the non-neutrality of the VAT system could also be used to the benefit of macroeconomic coherence and cooperation in the EU; calls on the Commission to assess how reduced VAT rates could be applied to address intra-Community trade imbalances;*

Or. en

Amendment 73
Kira Marie Peter-Hansen
on behalf of the Verts/ALE Group

Motion for a resolution
Paragraph 9 a (new)

Motion for a resolution

Amendment

9 a. *Notes that empirical evidence shows that the current system of multiple VAT rates is regressive in EU Member States when measured as a percentage of disposable income, but tends to be proportional or slightly progressive in*

most EU Member States when measured as a percentage of expenditure; notes further that, in particular, when measured in terms of expenditure, existing reduced and zero VAT rates thereby help to make VAT more progressive compared to single rate VAT systems; notes in addition that evidence also shows that only VAT rates which were reduced with the aim of supporting low-income households (such as reduced rates on food) make the VAT more progressive;

Or. en

Amendment 74

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 10

Motion for a resolution

Amendment

10. Observes that the application of reduced rates does not systematically give rise to permanent price reductions for the consumer; that the effectiveness of a reduced rate depends on a number of factors, such as the extent to which businesses pass it on to consumers, its duration over time, the size of the reduction and the complexity of the rate system; that the passing-on of reductions in their entirety is therefore a random process and should not be the basis for policy-making; that it is impossible to target low-income households;

deleted

Or. en

Amendment 75

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 10

Motion for a resolution

10. Observes that the application of reduced rates does not systematically give rise to permanent price reductions for the consumer; that the effectiveness of a reduced rate depends on a number of factors, such as the extent to which businesses pass it on to consumers, its duration over time, the size of the reduction and the complexity of the rate system; that the passing-on of reductions in their entirety is therefore a **random** process and should not be **the basis for policy-making; that it is impossible to target** low-income households;

Amendment

10. Observes that the application of reduced rates does not systematically give rise to permanent price reductions for the consumer; that the effectiveness of a reduced rate depends on a number of factors, such as the extent to which businesses pass it on to consumers, its duration over time, the size of the reduction and the complexity of the rate system; that the passing-on of reductions in their entirety is therefore a **complex** process and should not be **undertaken without a sound impact assessment; ; notes, however, that evidence shows that reduced VAT rates with the aim of supporting** low-income households (**such as reduced rates on food**) **make the VAT more progressive; also notes that while existing reduced and zero VAT rates are of greater proportional benefit to low-income households in the EU (measured as the proportion of expenditure), they are typically of greater benefit to high-income households in absolute (cash) terms;**

Or. en

Amendment 76

Marco Zanni, Valentino Grant, Antonio Maria Rinaldi

Motion for a resolution

Paragraph 10

Motion for a resolution

10. Observes that **the application of reduced rates does not systematically give rise to permanent price reductions for the consumer; that the effectiveness of a reduced rate depends on a number of factors, such as the extent to which businesses pass it on to consumers, its duration over time, the size of the reduction and the complexity of the rate system; that the passing-on of reductions**

Amendment

10. Observes that, **while it is it is impossible to target low-income households, it is still necessary to maintain reduced rates for basic necessities;**

in their entirety is therefore a random process and should not be the basis for policy-making; that it is impossible to target low-income households;

Or. it

Amendment 77
Elisabetta Gualmini

Motion for a resolution
Paragraph 10

Motion for a resolution

10. Observes that the ***application of reduced rates does not systematically give rise to permanent price reductions for the consumer; that the effectiveness of a reduced rate depends on a number of factors, such as the extent to which businesses pass it on to consumers, its duration over time, the size of the reduction and the complexity of the rate system; that the passing-on of reductions in their entirety is therefore a random process and should not be the basis for policy-making; that it is impossible to target low-income households;***

Amendment

10. Observes that the effectiveness of a reduced rate depends on a number of factors, such as the extent to which businesses pass it on to consumers, its duration over time, the size of the reduction and the complexity of the rate system;

Or. it

Amendment 78
Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution
Paragraph 10

Motion for a resolution

10. Observes that the application of reduced rates does not systematically give rise to permanent price reductions for the consumer; that the effectiveness of a reduced rate depends on a number of factors, such as the extent to which

Amendment

10. Observes that the application of reduced rates does not systematically give rise to permanent price reductions for the consumer; that the effectiveness of a reduced rate depends on a number of factors, such as the extent to which

businesses pass it on to consumers, its duration over time, *the size of the reduction and the complexity of the rate system; that the passing-on of reductions in their entirety is therefore a random process and should not be the basis for policy-making; that it is impossible to target low-income households;*

businesses pass it on to consumers *and* its duration over time; *considers that price interventions might be necessary to ensure reduced VAT rates translate into reduced prices for consumers;*

Or. en

Amendment 79

Alfred Sant, Pedro Marques, Paul Tang, Niels Fuglsang, Aurore Lalucq

Motion for a resolution

Paragraph 10

Motion for a resolution

10. Observes that the application of reduced rates does not systematically give rise to permanent price reductions for the consumer; that the effectiveness of a reduced rate depends on a number of factors, such as the extent to which businesses pass it on to consumers, its duration over time, the size of the reduction and the complexity of the rate system; that the passing-on of reductions *in their entirety* is therefore a *random* process *and should not be the basis for policy-making; that it is impossible to target* low-income households;

Amendment

10. Observes that the application of reduced rates does not systematically give rise to permanent price reductions for the consumer; that the effectiveness of a reduced rate depends on a number of factors, such as the extent to which businesses pass it on to consumers, its duration over time, the size of the reduction and the complexity of the rate system; that the passing-on of reductions is therefore a process *that requires extensive analysis and impact assessment to make sure that reductions only apply where they can benefit* low-income households;

Or. en

Amendment 80

Alfred Sant, Pedro Marques, Paul Tang, Aurore Lalucq

Motion for a resolution

Paragraph 10 a (new)

Motion for a resolution

Amendment

10 a. Highlights that reduced rates normally pursue the legitimate purpose of

ensuring that essential goods are accessible to everyone; stresses that reduced VAT rates on necessities (e.g. food) tend to make VAT more progressive and should only apply to products which bring social, environmental or cultural benefits; stresses that reduced rates can be particularly important in societies with great income disparities and high level of social and economic inequality;

Or. en

Amendment 81

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 10 a (new)

Motion for a resolution

Amendment

10 a. Is deeply concerned about the regressive nature of consumption taxes; stresses that VAT should be kept at low rates as it burdens lower income households disproportionately, exacerbating the inequality in the distribution of wealth;

Or. en

Amendment 82

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 10 b (new)

Motion for a resolution

Amendment

10 b. Rejects strongly tax reforms that replace progressive taxation with regressive taxation, e.g. reducing income tax rates for top earners or corporate taxes, while increasing VAT; warns against the regressive distributional consequences of such reform efforts;

stresses that, in general, an equitable, inclusive and well-designed public revenue system is based on progressive taxation with high rates and low-rated consumption taxes;

Or. en

Amendment 83

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 10 c (new)

Motion for a resolution

Amendment

10 c. Stresses that efforts to simplify or harmonise the VAT system in the EU must not lead to higher standard or non-standard VAT rates; warns that higher VAT rates do not only aggravate distributional inequality but do also affect aggregate demand negatively and therefore, potentially, employment and economic growth;

Or. en

Amendment 84

Markus Ferber

Motion for a resolution

Paragraph 11

Motion for a resolution

Amendment

11. Recalls that for it to have a leverage effect, green taxation must be inclusive, strive for social equity and not undermine businesses' international competitiveness; observes that the effectiveness of reduced rates in promoting this type of goods and services or, in a broader sense, merit goods (e.g. culture, health, biodiversity) is chiefly a function of the extent to which they are

deleted

used to promote such goods;

Or. en

Amendment 85
Elisabetta Gualmini

Motion for a resolution
Paragraph 11

Motion for a resolution

11. Recalls that for it to have a leverage effect, green taxation must be inclusive, strive for social equity and not undermine businesses' international competitiveness; ***observes that the effectiveness of reduced rates in promoting this type of goods and services or, in a broader sense, merit goods (e.g. culture, health, biodiversity) is chiefly a function of the extent to which they are used to promote such goods;***

Amendment

11. Recalls that for it to have a leverage effect, green taxation must be inclusive, strive for social equity and not undermine businesses' international competitiveness;

Or. it

Amendment 86
Kira Marie Peter-Hansen
on behalf of the Verts/ALE Group

Motion for a resolution
Paragraph 11

Motion for a resolution

11. ***Recalls that for it to have a leverage effect, green taxation must be inclusive, strive for social equity and not undermine businesses' international competitiveness;*** observes that the effectiveness of reduced rates in promoting ***this type of goods and services or, in a broader sense, merit goods (e.g. culture, health, biodiversity) is chiefly a function of the extent to which they are used to promote such goods;***

Amendment

11. Observes that the effectiveness of reduced *VAT* rates in promoting ***environmentally friendly*** goods and services ***is still difficult to assess due to a lack of empirical evidence, although in certain case studies and according to certain models positive impacts can be measures; urges, however, that to promote environmentally friendly consumption it is primary importance for Member States to phase out all zero-rates and reduced rates on harmful environmental***

goods *and services*; *invites the Commission to consider the idea of increased VAT rates compared to standard VAT rate for environmentally harmful products to achieve the EU's climate objectives enshrined in the Green Deal*;

Or. en

Amendment 87

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 11

Motion for a resolution

11. Recalls that for it to have a leverage effect, green taxation must be inclusive, strive for social equity *and not undermine businesses' international competitiveness*; observes that the effectiveness of reduced rates in promoting this type of goods and services or, in a broader sense, merit goods (e.g. culture, health, biodiversity) is *chiefly* a function of the extent to which they are used to promote such goods;

Amendment

11. Recalls that for it to have a leverage effect, green taxation must be inclusive *and* strive for social equity; observes that the effectiveness of reduced rates in promoting this type of goods and services or, in a broader sense, merit goods (e.g. culture, health, biodiversity) is *also* a function of the extent to which they are used to promote such goods;

Or. en

Amendment 88

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 11

Motion for a resolution

11. Recalls that for it to have a leverage effect, green taxation must *be inclusive, strive for social equity and* not undermine businesses' international competitiveness; observes that the effectiveness of reduced rates in promoting this type of goods and services or, in a broader sense, merit goods

Amendment

11. Recalls that for it to have a leverage effect, green taxation must not undermine businesses' international competitiveness; observes that the effectiveness of reduced rates in promoting this type of goods and services or, in a broader sense, merit goods (e.g. culture, health, biodiversity) is chiefly

(e.g. culture, health, biodiversity) is chiefly a function of the extent to which they are used to promote such goods;

a function of the extent to which they are used to promote such goods;

Or. en

Amendment 89

Alfred Sant, Pedro Marques, Paul Tang, Niels Fuglsang, Aurore Lalucq

Motion for a resolution

Paragraph 11

Motion for a resolution

11. Recalls that for it to have a leverage effect, green taxation must be inclusive, strive for social equity and not undermine businesses' international competitiveness; observes that the effectiveness of reduced rates in promoting this type of goods and services or, in a broader sense, merit goods (e.g. culture, health, biodiversity) is chiefly a function of the extent to which they are used to promote such goods;

Amendment

11. Recalls that for it to have a leverage effect, green taxation must be inclusive, ***fair and*** strive for social equity and not undermine businesses' international competitiveness; observes that the effectiveness of reduced rates in promoting this type of goods and services or, in a broader sense, merit goods (e.g. culture, health, biodiversity) is chiefly a function of the extent to which they are used to promote such goods;

Or. en

Amendment 90

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 11 a (new)

Motion for a resolution

Amendment

11 a. Stresses in this regard that reduced rates shall be applied always in fiscally responsible manner, without sacrificing the sustainability of public finances;

Or. en

Amendment 91

Marco Zanni, Valentino Grant, Antonio Maria Rinaldi

**Motion for a resolution
Paragraph 12**

Motion for a resolution

Amendment

12. Stresses that reduced rates are not an effective way of achieving social or environmental objectives since they incur high costs for governments owing to the size of the rate gap, reduced tax revenues, increased administrative costs, costly checks and inspections, pressure from lobby groups, compliance costs, economic distortions or even tax evasion, and the difficulty of reaching the target groups; **deleted**

Or. it

**Amendment 92
Martin Schirdewan, José Gusmão, Manon Aubry**

**Motion for a resolution
Paragraph 12**

Motion for a resolution

Amendment

12. Stresses that reduced rates are not an effective way of achieving social or environmental objectives since they incur high costs for governments owing to the size of the rate gap, reduced tax revenues, increased administrative costs, costly checks and inspections, pressure from lobby groups, compliance costs, economic distortions or even tax evasion, and the difficulty of reaching the target groups; **deleted**

Or. en

**Amendment 93
Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt**

**Motion for a resolution
Paragraph 12**

Motion for a resolution

Amendment

12. Stresses that reduced rates are not an effective way of achieving social or environmental objectives since they incur high costs for governments owing to the size of the rate gap, reduced tax revenues, increased administrative costs, costly checks and inspections, pressure from lobby groups, compliance costs, economic distortions or even tax evasion, and the difficulty of reaching the target groups; *deleted*

Or. en

Amendment 94

Alfred Sant, Pedro Marques, Paul Tang, Aurore Lalucq

Motion for a resolution

Paragraph 12

Motion for a resolution

Amendment

12. Stresses that reduced rates are not an effective way of achieving social or environmental objectives since they incur high costs for governments owing to the size of the rate gap, reduced tax revenues, increased administrative costs, costly checks and inspections, pressure from lobby groups, compliance costs, economic distortions or even tax evasion, and the difficulty of reaching the target groups; *deleted*

Or. en

Amendment 95

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 12

Motion for a resolution

Amendment

12. Stresses that reduced rates are **not an** effective way of achieving social or environmental objectives since they incur **high** costs for governments owing to the size of the rate gap, reduced tax revenues, increased administrative costs, costly checks and inspections, pressure from lobby groups, compliance costs, economic distortions or even tax evasion, and the difficulty of reaching the target groups;

12. Stresses that **evidence suggests that** reduced **VAT** rates are **a less** effective way of achieving social or environmental objectives since they incur **considerable** costs for governments owing to the size of the rate gap, reduced tax revenues, increased administrative costs, costly checks and inspections, pressure from lobby groups, compliance costs, economic distortions or even tax evasion, and the difficulty of reaching the target groups;

Or. en

Amendment 96 **Lídia Pereira**

Motion for a resolution **Paragraph 12**

Motion for a resolution

12. Stresses that reduced rates are not **an** effective way of achieving social or environmental objectives since they incur high costs for governments owing to the size of the rate gap, reduced tax revenues, increased administrative costs, costly checks and inspections, pressure from **lobby groups**, compliance costs, economic distortions or even tax evasion, and the difficulty of reaching the target groups;

Amendment

12. Stresses that reduced rates are not **the most** effective way of achieving social or environmental objectives since they incur high costs for governments owing to the size of the rate gap, reduced tax revenues, increased administrative costs, costly checks and inspections, pressure from **social and economic representatives**, compliance costs, economic distortions or even tax evasion, and the difficulty of reaching the target groups;

Or. en

Amendment 97 **Olivier Chastel, Gilles Boyer**

Motion for a resolution **Paragraph 12**

Motion for a resolution

12. Stresses that reduced rates are **not an effective way of achieving** social or

Amendment

12. Stresses that reduced rates are **often a rather inefficient instrument to achieve**

environmental objectives since they incur high costs for governments owing to the size of the rate gap, reduced tax revenues, increased administrative costs, costly checks and inspections, pressure from lobby groups, compliance costs, economic distortions or even tax evasion, and the difficulty of reaching the target groups;

social or environmental objectives since they incur high costs for governments owing to the size of the rate gap, reduced tax revenues, increased administrative costs, costly checks and inspections, pressure from lobby groups, compliance costs, economic distortions or even tax evasion, and the difficulty of reaching the target groups;

Or. en

Amendment 98

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 13

Motion for a resolution

13. Takes the view that direct tax incentives, such as direct grants or tax credits targeting specific consumers and producers, are more effective, flexible, visible and cost-effective tools for achieving these social and environmental objectives;

Amendment

deleted

Or. en

Amendment 99

Lídia Pereira

Motion for a resolution

Paragraph 13

Motion for a resolution

13. Takes the view that direct tax incentives, such as **direct grants or** tax credits targeting specific consumers and producers, are more effective, flexible, visible and cost-effective tools for achieving these social and environmental objectives;

Amendment

13. Takes the view that direct tax incentives, such as tax credits targeting specific consumers and producers, are more effective, flexible, visible and cost-effective tools for achieving these social and environmental objectives; **notes, however, that these tax incentives are at the core of national tax sovereignty and**

are comprehended in national competences and, in any scenario, must respect the EU competition policy;

Or. en

Amendment 100

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 13

Motion for a resolution

13. Takes the view that direct tax incentives, such as direct grants or tax credits targeting specific consumers and producers, are more effective, flexible, visible and cost-effective tools for achieving these social and environmental objectives;

Amendment

13. Takes the view that direct tax ***measures, such as progressive personal income tax rates and carbon taxes and*** incentives, such as direct grants or tax credits targeting specific consumers and producers, are more effective, flexible, visible and cost-effective tools for achieving these social and environmental objectives;

Or. en

Amendment 101

Marco Zanni, Valentino Grant, Antonio Maria Rinaldi

Motion for a resolution

Paragraph 13

Motion for a resolution

13. Takes the view that direct tax incentives, such as direct grants or tax credits targeting specific consumers and producers, ***are more effective, flexible, visible*** and cost-effective ***tools for*** achieving these social and environmental objectives;

Amendment

13. Takes the view that direct tax incentives, such as direct grants or tax credits targeting specific consumers and producers, ***together with reduced rates, are tools that are just as efficacious*** and cost-effective ***in*** achieving these social and environmental objectives;

Or. it

Amendment 102

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 13

Motion for a resolution

13. Takes the view that direct tax incentives, such as direct grants or tax credits targeting specific consumers and producers, **are more** effective, flexible, visible and cost-effective tools for achieving these social and environmental objectives;

Amendment

13. Takes the view that direct tax incentives, such as direct grants or tax credits targeting specific consumers and producers, **can also be** effective, flexible, visible and cost-effective tools for achieving these social and environmental objectives;

Or. en

Amendment 103

Alfred Sant

Motion for a resolution

Paragraph 13

Motion for a resolution

13. Takes the view that direct tax incentives, such as direct grants or tax credits targeting specific consumers and producers, **are more** effective, flexible, visible and cost-effective tools for achieving these social and environmental objectives;

Amendment

13. Takes the view that direct tax incentives, such as direct grants or tax credits targeting specific consumers and producers, **can be** effective, flexible, visible and cost-effective tools for achieving these social and environmental objectives;

Or. en

Amendment 104

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 14

Motion for a resolution

14. Stresses that a uniform VAT

Amendment

14. Stresses that a uniform VAT

system, combined with a direct tax incentive tool such as the income-based tax credit scheme for low-income households, together with a raft of social reforms, would be a winning strategy; recalls that New Zealand has a flat-rate VAT system and applies tax credit for low-income households; points out that flat-rate subsidies and information campaigns are an option for the promotion of merit goods;

system, combined with a direct tax incentive tool such as the income-based tax credit scheme for low-income households ***along with non-linear progressive personal income tax rates***, together with a raft of social reforms ***and environmental taxes such as carbon taxes***, would be a winning strategy ***for an economic effective social and green holistic tax system***; recalls that New Zealand has a flat-rate VAT system and applies tax credit for low-income households; points out that flat-rate subsidies and information campaigns are an option for the promotion of merit goods; ***concludes that for redistributive purposes, the progressivity of the overall tax system is decisive, even if the VAT is highly regressive, provided the tax system as a whole is progressive, distributional goals can be reached; highlight that increasing the existing reduced rates without compensation measures would disproportionately hurt low-income households***;

Or. en

Amendment 105

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 14

Motion for a resolution

14. ***Stresses that a uniform VAT system, combined with a direct tax incentive tool such as the income-based tax credit scheme for low-income households, together with a raft of social reforms, would be a winning strategy; recalls that New Zealand has a flat-rate VAT system and applies tax credit for low-income households; points out that flat-rate subsidies and information campaigns are an option for the promotion of merit goods;***

Amendment

14. Recalls that New Zealand has ***an uniform 15%*** flat-rate VAT system;

Amendment 106**Lídia Pereira****Motion for a resolution****Paragraph 14***Motion for a resolution*

14. Stresses that a uniform VAT system, ***combined with a direct tax incentive tool such as the income-based tax credit scheme for low-income households***, together with a raft of social reforms, would be a winning strategy; recalls that New Zealand has a flat-rate VAT system and applies tax credit for low-income households; points out that flat-rate subsidies and information campaigns ***are*** an option for the promotion of merit goods;

Amendment

14. Stresses that a uniform VAT system, together with a raft of social reforms, would be a winning strategy; recalls that New Zealand has a flat-rate VAT system and applies tax credit for low-income households; points out that flat-rate subsidies and information campaigns ***could be*** an option for the promotion of merit goods;

Or. en

Amendment 107**Martin Schirdewan, José Gusmão****Motion for a resolution****Paragraph 14***Motion for a resolution*

14. ***Stresses*** that a uniform VAT system, combined with a direct tax incentive tool such as the income-based tax credit scheme for low-income households, ***together with a raft of social reforms, would be a winning*** strategy; ***recalls*** that New Zealand has a flat-rate VAT system and applies tax credit for low-income households; points out that ***flat-rate*** subsidies and information campaigns are an option for the promotion of merit goods;

Amendment

14. ***Considers*** that a uniform VAT system, combined with a direct tax incentive tool such as the income-based tax credit scheme for low-income households, ***could be a coherent*** strategy, ***as long as these do not place an administrative burden on low-income households***; ***considers*** that New Zealand has a flat-rate VAT system and applies tax credit for low-income households; points out that subsidies and information campaigns are an option for the promotion of merit goods;

Or. en

Amendment 108

Alfred Sant, Pedro Marques, Paul Tang, Niels Fuglsang

Motion for a resolution

Paragraph 14

Motion for a resolution

14. Stresses that a uniform VAT system, combined with a direct tax incentive tool such as the income-based tax credit scheme for low-income households, together with a raft of social reforms, **would be a winning strategy**; recalls that New Zealand has a flat-rate VAT system and applies tax credit for low-income households; points out that flat-rate subsidies and information campaigns are an option for the promotion of merit goods;

Amendment

14. Stresses that a uniform VAT system, combined with a direct tax incentive tool such as the income-based tax credit scheme for low-income households, together with a raft of social reforms, **are all options worth exploring**; recalls that New Zealand has a flat-rate VAT system and applies tax credit for low-income households; points out that flat-rate subsidies and information campaigns are an option for the promotion of merit goods;

Or. en

Amendment 109

Stéphanie Yon-Courtin, Ondřej Kovařík, Hilde Vautmans, Marie-Pierre Vedrenne, Paolo De Castro, Dominique Riquet, Jérémy Decerle, Henna Virkkunen, Anne Sander

Motion for a resolution

Paragraph 14 a (new)

Motion for a resolution

Amendment

14a. Believes that rationalisation designed to achieve a uniform VAT system must at the same time take into account the historical application of reduced rates targeted at strategic sectors; stresses in this connection, the importance of appropriate tax treatment for equestrian and equine activities in the broad sense;

Or. fr

Amendment 110

Motion for a resolution
Paragraph 15

Motion for a resolution

15. Recalls that VAT revenue is one of the chief sources of public revenue, accounting for some 21% of total tax revenue in the EU on average; that the VAT gap stands at 10% on average; and that VAT also constitutes an own resource for the EU budget; stresses that any reduction in the VAT base *leads* to less revenue for public finances; calls on national tax authorities to take initiatives to reduce the VAT gap in order to help lift Member States out of the current socio-economic crisis;

Amendment

15. Recalls that VAT revenue is one of the chief sources of public revenue, accounting for some 21% of total tax revenue in the EU on average; that the VAT gap stands at 10% on average; and that VAT also constitutes an own resource for the EU budget; stresses that any reduction in the VAT base *may lead* to less revenue for public finances, *however, theoretical and empirical evidence shows lower tax rate may also lead to higher revenue*; calls on national tax authorities to take initiatives to reduce the VAT gap in order to help lift Member States out of the current socio-economic crisis;

Or. en

Amendment 111
Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution
Paragraph 15

Motion for a resolution

15. Recalls that VAT revenue is one of the chief sources of public revenue, accounting for some 21% of total tax revenue in the EU on average; that the VAT gap stands at 10% on average; and that VAT also constitutes an own resource for the EU budget; *stresses that any reduction in the VAT base leads to less revenue for public finances*; calls on national tax authorities to take initiatives to reduce the VAT gap in order to help lift Member States out of the current socio-economic crisis;

Amendment

15. Recalls that VAT revenue is one of the chief sources of public revenue, accounting for some 21% of total tax revenue in the EU on average; that the VAT gap stands at 10% on average; and that VAT also constitutes an own resource for the EU budget; calls on national tax authorities to take initiatives to reduce the VAT gap in order to help lift Member States out of the current socio-economic crisis;

Or. en

Amendment 112

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 15

Motion for a resolution

15. Recalls that VAT revenue is one of the chief sources of public revenue, accounting for some 21% of total tax revenue in the EU on average; that the VAT gap stands at 10% on average; and that VAT also constitutes an own resource for the EU budget; stresses that any reduction in the VAT base leads to less revenue for public finances; calls on national tax authorities to take initiatives to reduce the VAT gap in order to help lift Member States out of the current socio-economic crisis;

Amendment

15. Recalls that VAT revenue is one of the chief sources of public revenue, accounting for some 21% of total tax revenue in the EU on average; that the VAT gap stands at 10% on average; and that VAT also constitutes an own resource for the EU budget; stresses that any reduction in the VAT base leads to less revenue for public finances; calls on national tax authorities to take initiatives to reduce the VAT gap in order to help lift Member States out of the current socio-economic crisis ***and to the benefit of EU own resources***;

Or. en

Amendment 113

Markus Ferber

Motion for a resolution

Paragraph 15

Motion for a resolution

15. Recalls that VAT revenue is one of the chief sources of public revenue, accounting for some 21% of total tax revenue in the EU on average; that the VAT gap stands at 10% on average; and that VAT also constitutes an own resource for the EU budget; stresses that any reduction in the VAT base leads to less revenue for public finances; calls on national tax authorities to take initiatives to reduce the VAT gap in order to ***help lift Member States out of the current socio-***

Amendment

15. Recalls that VAT revenue is one of the chief sources of public revenue, accounting for some 21% of total tax revenue in the EU on average; that the VAT gap stands at 10% on average; and that VAT also constitutes an own resource for the EU budget; stresses that any reduction in the VAT base leads to less revenue for public finances; calls on national tax authorities to take initiatives to reduce the VAT gap in order to ***improve public finances***;

economic crisis;

Or. en

Amendment 114

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 15 a (new)

Motion for a resolution

Amendment

15 a. Welcomes in this regard that major progress has been achieved on cooperation between the tax authorities of the Member States over the last decade; supports further discussions among Member States in order to strengthen the administrative cooperation;

Or. en

Amendment 115

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 16

Motion for a resolution

Amendment

16. Endorses the findings of the DIW Econ study which stresses that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019; ***points out that diversified VAT systems impose costs on businesses, particularly SMEs via increased compliance costs, create distortions in the internal market and trade, and incur costs on government through lost revenue; adds that reduced rates are an insufficient means of achieving revenue-distribution or environmental objectives;***

16. Endorses the findings of the DIW Econ study which stresses that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019;

Or. en

Amendment 116

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 16

Motion for a resolution

16. ***Endorses*** the findings of the DIW Econ study which stresses that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019; points out that diversified VAT systems ***impose costs on*** businesses, ***particularly SMEs via increased compliance costs, create distortions in the internal market and trade, and incur costs on government through lost revenue; adds that reduced rates are an insufficient means of achieving revenue-distribution or environmental objectives;***

Amendment

16. ***Notes*** the findings of the DIW Econ study which stresses that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019; points out that ***compliance costs of*** diversified VAT systems ***can be significantly reduced by continuing digitization of*** businesses ***and public administrations;***

Or. en

Amendment 117

Marco Zanni, Valentino Grant, Antonio Maria Rinaldi

Motion for a resolution

Paragraph 16

Motion for a resolution

16. Endorses the findings of the DIW Econ study which stresses that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019; points out that diversified VAT systems impose costs on businesses, particularly SMEs via increased compliance costs, create distortions in the internal market and trade, and incur costs on government through lost revenue; ***adds that reduced rates are an insufficient means of achieving revenue-distribution or environmental objectives;***

Amendment

16. Endorses the findings of the DIW Econ study which stresses that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019; points out that diversified VAT systems impose costs on businesses, particularly SMEs via increased compliance costs, create distortions in the internal market and trade, and incur costs on government through lost revenue;

Amendment 118**Kira Marie Peter-Hansen**

on behalf of the Verts/ALE Group

Motion for a resolution**Paragraph 16***Motion for a resolution*

16. ***Endorses the findings of the DIW Econ study which stresses that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019; points out that diversified VAT systems impose costs on businesses, particularly SMEs via increased compliance costs, create distortions in the internal market and trade, and incur costs on government through lost revenue; adds that reduced rates are *an insufficient means of achieving revenue-distribution or environmental objectives*;***

Amendment

16. Stresses that on average the *VAT* standard rate was applied to 71% of the total tax base in the Member States in 2019; points out that diversified VAT systems impose costs on businesses, particularly SMEs via increased compliance costs, create distortions in the internal market and trade, and incur costs on government through lost revenue; adds that reduced rates are ***a less effective means of achieving revenue-distribution; notes, however, that low-income households do benefit from reduced VAT rates although the distributional effects from reduced rates are rather small***;

Or. en

Amendment 119**Alfred Sant, Pedro Marques, Paul Tang, Niels Fuglsang, Aurore Lalucq****Motion for a resolution****Paragraph 16***Motion for a resolution*

16. Endorses the findings of the DIW Econ study which stresses that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019; points out that diversified VAT systems ***impose costs*** on businesses, particularly SMEs ***via increased compliance costs, create*** distortions in the internal market and trade, and ***incur costs***

Amendment

16. Endorses the findings of the DIW Econ study which stresses that on average the standard rate was applied to 71% of the total tax base in the Member States in 2019; points out that ***the costs of*** diversified VAT systems on businesses, particularly SMEs ***the*** distortions ***they might cause*** in the internal market and trade, and ***their impact*** on government revenue ***need to be***

on government *through lost* revenue; adds that reduced rates are an insufficient means of achieving revenue-distribution or environmental objectives;

carefully assessed in order to achieve a cohesive, fair and efficient VAT system in the EU; adds that reduced rates are an insufficient means of achieving revenue-distribution or environmental objectives;

Or. en

Amendment 120

Alfred Sant, Pedro Marques, Paul Tang, Niels Fuglsang, Aurore Lalucq

Motion for a resolution

Paragraph 16 a (new)

Motion for a resolution

Amendment

16 a. Calls for the assessment and adjustment of distorting and environmentally harmful reduced rates;

Or. en

Amendment 121

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 17

Motion for a resolution

Amendment

17. Notes the difficulties in reducing the VAT gap between Member States owing to the need to maintain a number of VAT exemptions for certain goods and services and the willingness of Member States to maintain reduced rates of at least 5%; acknowledges that Member States need to conserve the flexibility to set their own VAT rates given the importance of this tax as a budgetary instrument;

17. Acknowledges that Member States need to conserve the flexibility to set their own VAT rates given the importance of this tax as a budgetary instrument;

Or. en

Amendment 122

Kira Marie Peter-Hansen
on behalf of the Verts/ALE Group

Motion for a resolution
Paragraph 17

Motion for a resolution

17. Notes the difficulties in reducing the VAT gap between Member States owing to the need to maintain a number of VAT exemptions for certain goods and services and the willingness of Member States to maintain reduced rates of at least 5%; acknowledges that Member States need to conserve the flexibility to set their own VAT rates given the importance of this tax as a budgetary instrument;

Amendment

17. Notes the difficulties in reducing the VAT gap between Member States owing to the need to maintain a number of VAT exemptions for certain goods and services and the willingness of Member States to maintain reduced rates of at least 5%; acknowledges that Member States need to conserve the flexibility to set their own VAT rates given the importance of this tax as a budgetary instrument; ***calls on the Commission to map all the different tax mixes between Member States to better understand the distortive nature of uncoordinated and unharmonised taxsystems;***

Or. en

Amendment 123
Alfred Sant, Pedro Marques, Paul Tang, Niels Fuglsang

Motion for a resolution
Paragraph 17

Motion for a resolution

17. Notes the difficulties in reducing the VAT gap between Member States owing ***to the need to maintain a number of VAT exemptions for certain goods and services and the willingness of Member States to maintain reduced rates of at least 5%***; acknowledges that Member States need to conserve the flexibility to set their own VAT rates given the importance of this tax as a budgetary instrument;

Amendment

17. Notes the difficulties in reducing the VAT gap between Member States owing ***a combination of factors***; acknowledges that Member States need to conserve the flexibility to set their own VAT rates given the importance of this tax as a budgetary instrument;

Or. en

Amendment 124

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 17

Motion for a resolution

17. Notes the difficulties in reducing the VAT gap between Member States owing to the need to maintain a number of VAT exemptions for certain goods and services and the willingness of Member States to maintain reduced rates of at least 5%; acknowledges that Member States need to conserve the flexibility to set their own VAT rates given the importance of this tax as a *budgetary* instrument;

Amendment

17. Notes the difficulties in reducing the VAT gap between Member States owing to the *justified* need to maintain a number of VAT exemptions for certain goods and services and the willingness of Member States to maintain reduced rates of at least 5%; acknowledges that Member States need to conserve the flexibility to set their own VAT rates given the importance of this tax as a *policy* instrument;

Or. en

Amendment 125

Marco Zanni, Valentino Grant, Antonio Maria Rinaldi

Motion for a resolution

Paragraph 17

Motion for a resolution

17. Notes the difficulties in reducing the VAT gap between Member States owing to the need to maintain a number of VAT exemptions for certain goods and services and the willingness of Member States to maintain reduced rates of at least 5%; acknowledges that Member States need to conserve the flexibility to set their own VAT rates given the importance of this tax as a budgetary instrument;

Amendment

17. Notes the difficulties in reducing the VAT gap between Member States owing to the need to maintain a number of VAT exemptions for certain goods and services and the willingness of Member States to maintain reduced rates of at least 4%; acknowledges that Member States need to conserve the flexibility to set their own VAT rates given the importance of this tax as a budgetary instrument;

Or. it

Amendment 126

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 17 a (new)

Motion for a resolution

Amendment

17 a. Calls on Member States to consider a special consumption tax for a limited range of high-end luxury goods as an additional source of public revenue in light of the extraordinary public costs incurred for the containment of the pandemic;

Or. en

Amendment 127

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 18

Motion for a resolution

Amendment

18. Calls for a simplified VAT system with limits on exemptions and non-standard rates to be introduced ***with a view to promoting competitiveness***;

18. Calls for a simplified VAT system with limits on exemptions and non-standard rates to be introduced; ***highlight that increasing the existing reduced rates without compensation measures would disproportionately hurt low-income households; rejects the idea of a ‘negative list’ as proposed by the European Commission in its 2018 proposal and rather supports the current negotiated ‘positive list’ in the Council; furthermore supports the proposal by the former Portuguese Council Presidency to phase out all zero-rates and reduced rates on environmentally harmful goods and services such as on fossil fuels, chemical pesticides and chemical fertilisers at Member States level; urges Members States to conclude quickly on the proposal for a revised directive on VAT rates***;

Or. en

Amendment 128

Markus Ferber

Motion for a resolution

Paragraph 18

Motion for a resolution

18. Calls for a simplified VAT system with limits on exemptions and non-standard rates to be introduced with a view to promoting competitiveness;

Amendment

18. Calls for a simplified VAT system with limits on exemptions and non-standard rates to be introduced with a view to promoting competitiveness; ***notes that such a simplified VAT system would still benefit from a One-Stop Shop in order to reduce compliance costs for European companies and boost intra-EU trade;***

Or. en

Amendment 129

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 18

Motion for a resolution

18. Calls for a simplified VAT system with limits on exemptions ***and non-standard rates*** to be introduced with a view to promoting competitiveness;

Amendment

18. Calls for a simplified VAT system with limits on exemptions to be introduced with a view to promoting competitiveness; ***takes the view that limiting the exemptions should go hand-in-hand with lowering the standard and minimum 15% VAT rate;***

Or. en

Amendment 130

Lídia Pereira

Motion for a resolution

Paragraph 18

Motion for a resolution

18. Calls for a simplified VAT system

Amendment

18. Calls for a simplified VAT system

with limits on exemptions and non-standard rates to be introduced with a view to promoting competitiveness;

with limits on exemptions and non-standard rates to be introduced with a view to promoting competitiveness **and improving voluntary compliance**;

Or. en

Amendment 131

Alfred Sant, Pedro Marques, Paul Tang, Niels Fuglsang, Aurore Lalucq

Motion for a resolution

Paragraph 18

Motion for a resolution

18. Calls for a simplified VAT system with limits on exemptions and non-standard rates to be introduced with a view to promoting **competitiveness**;

Amendment

18. Calls for a simplified VAT system with limits on exemptions and non-standard rates to be introduced with a view to promoting **efficiency and fairness in the internal market**;

Or. en

Amendment 132

Elisabetta Gualmini

Motion for a resolution

Paragraph 18

Motion for a resolution

18. Calls for a simplified VAT system **with limits on exemptions and non-standard rates to be introduced with a view to promoting** competitiveness;

Amendment

18. Calls for **the introduction of** a simplified VAT system **that reduces compliance costs and at the same time promotes business** competitiveness;

Or. it

Amendment 133

Olivier Chastel, Gilles Boyer

Motion for a resolution

Paragraph 18

Motion for a resolution

18. Calls for a simplified VAT system with limits on exemptions and non-standard rates to be introduced with a view to promoting competitiveness;

Amendment

18. Calls for a simplified **and modernized** VAT system with limits on exemptions and non-standard rates to be introduced with a view to promoting competitiveness;

Or. en

Amendment 134

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 18

Motion for a resolution

18. Calls for a simplified VAT system **with limits on exemptions and** non-standard rates **to be introduced** with a view to promoting **competitiveness**;

Amendment

18. Calls for a simplified VAT system, **without increasing standard or** non-standard rates, with a view **on** promoting **distributional justice**;

Or. en

Amendment 135

Olivier Chastel, Stéphanie Yon-Courtin, Gilles Boyer

Motion for a resolution

Paragraph 19

Motion for a resolution

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning;

Amendment

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning; **welcomes Transaction Network Analysis (TNA) and supports the establishment of enhanced cooperation between Eurofisc members in order to rapidly detect carousel-type fraud; calls on the Conference on the Future of Europe to address this issue in the context of the protection of the EU's financial interests;**

Amendment 136

Martin Schirdewan, José Gusmão, Manon Aubry

Motion for a resolution

Paragraph 19

Motion for a resolution

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning;

Amendment

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax **fraud**, evasion and avoidance and aggressive tax planning; ***calls on the Commission to assess how the introduction and implementation of reverse-charge procedures to combat Missing Trader Intra-Community Fraud can be simplified and made more effective in the EU;***

Or. en

Amendment 137

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 19

Motion for a resolution

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning;

Amendment

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning; ***notes that tax competition and low tax morale also contribute to the VAT gap; observes that low redistributive tax system contributes to a low tax morale;***

Or. en

Amendment 138

Lídia Pereira

Motion for a resolution

Paragraph 19

Motion for a resolution

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning;

Amendment

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning; ***calls, in this regard, on Member States to improve administrative cooperation and enhance the performance of national tax authorities;***

Or. en

Amendment 139

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 19

Motion for a resolution

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning;

Amendment

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning; ***stresses that fighting tax fraud and tax evasion should not breach the principle of tax sovereignty and tax competition;***

Or. en

Amendment 140

Alfred Sant, Pedro Marques, Paul Tang, Niels Fuglsang, Aurore Lalucq

Motion for a resolution

Paragraph 19

Motion for a resolution

19. Stresses that the VAT gap is chiefly attributable to the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning;

Amendment

19. Stresses that the VAT gap is chiefly attributable to ***legislative loopholes, lack of resources and digital efficiency in tax administrations***, the ineffectiveness of enforcement and control measures, particularly those against tax evasion and avoidance and aggressive tax planning;

Or. en

Amendment 141
Elisabetta Gualmini

Motion for a resolution
Paragraph 19 a (new)

Motion for a resolution

Amendment

19a. Considers it necessary to introduce electronic invoicing in all Member States, given that it has proved to be an effective tool for combating fraud and evasion in the countries where it has been introduced, as well as promoting greater simplification and reduced compliance costs;

Or. it

Amendment 142
Olivier Chastel, Stéphanie Yon-Courtin, Gilles Boyer

Motion for a resolution
Paragraph 19 a (new)

Motion for a resolution

Amendment

19 a. Welcomes the launch of the European Tax Observatory created at the initiative of the EP; stresses that the Fiscalis 2021-2027 program is an essential tool to help rapid and constructive cooperation between tax authorities;

Amendment 143

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 20

Motion for a resolution

20. Recalls that the effectiveness of reduced rates as a policy tool must always be assessed in the specific context of other existing policy tools; adds that reduced rates are often complementary to existing social and environmental policy tools; and that direct tax ***incentives are instruments that better target*** low-income households ***and are*** generally less costly;

Amendment

20. Recalls that the effectiveness of reduced rates as a policy tool must always be assessed in the specific context of other existing policy tools; adds that reduced rates are often complementary to existing social and environmental policy tools; and that direct tax ***policies such as a tax-free threshold along with progressive tax rates is an instrument that more effectively targets*** low-income households, ***guarantees better redistribution and is*** generally less costly;

Or. en

Amendment 144

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

Motion for a resolution

Paragraph 20

Motion for a resolution

20. Recalls that the effectiveness of reduced rates as a policy tool must always be assessed in the specific context of other existing policy tools; adds that reduced rates are often complementary to existing social and environmental policy tools; ***and that direct tax incentives are instruments that better target low-income households and are generally less costly;***

Amendment

20. Recalls that the effectiveness of reduced rates as a policy tool must always be assessed in the specific context of other existing policy tools; adds that reduced rates are often complementary to existing social and environmental policy tools;

Or. en

Amendment 145

Lídia Pereira

Motion for a resolution

Paragraph 20

Motion for a resolution

20. Recalls that the effectiveness of reduced rates as a policy tool must always be assessed in the specific context of other existing policy tools; adds that reduced rates are often complementary to existing social and environmental policy tools; ***and that direct tax incentives are instruments that better target low-income households and are generally less costly;***

Amendment

20. Recalls that the effectiveness of reduced rates as a policy tool must always be assessed in the specific context of other existing policy tools; adds that reduced rates are often complementary to existing social and environmental policy tools;

Or. en

Amendment 146

Alfred Sant, Pedro Marques, Paul Tang, Niels Fuglsang

Motion for a resolution

Paragraph 20

Motion for a resolution

20. Recalls that the effectiveness of reduced rates as a policy tool must always be assessed in the specific context of other existing policy tools; adds that reduced rates are often complementary to existing social and environmental policy tools; and that direct tax incentives are instruments that better target low-income households and are generally less costly;

Amendment

20. Recalls that the effectiveness of reduced rates as a policy tool must always be assessed in the specific context of other existing policy tools; adds that reduced rates are often complementary to existing social and environmental policy tools; and that direct tax incentives are instruments that ***might*** better target low-income households and are generally less costly, ***provided that other conditions are fulfilled;***

Or. en

Amendment 147

Olivier Chastel, Stéphanie Yon-Courtin, Gilles Boyer

Motion for a resolution
Paragraph 21

Motion for a resolution

21. Stresses the need to move to a definitive VAT system based on the principle of taxation in the country of destination; ***calls on*** the Council to adopt the proposal for a directive of 25 May 2018;

Amendment

21. Stresses the need to move to a definitive VAT system based on the principle of taxation in the country of destination; ***urges*** the Council to adopt ***as soon as possible*** the proposal for a directive of 25 May 2018, ***given the extent of the loss of national and European budgetary resources under the current regime; in the absence of unanimity within the Council, invites the Commission to propose the use of the enhanced cooperation procedure by Member States wishing to move forward;***

Or. en

Amendment 148
Lídia Pereira

Motion for a resolution
Paragraph 21

Motion for a resolution

21. Stresses the need to move to a definitive VAT system based on the principle of taxation in the country of destination; ***calls on*** the Council to adopt the proposal for a directive of 25 May 2018;

Amendment

21. Stresses the need to move to a definitive VAT system based on the principle of taxation in the country of destination; ***calls on*** the Council to adopt the proposal for a directive of 25 May 2018, ***without further delay; highlights in this regard the main principles of the prospective definite VAT system for cross-border trade taxation of intra-EU goods supplies at the destination and charging and collecting the VAT within the Member State of destination by the supplier;***

Or. en

Amendment 149

Esther de Lange

Motion for a resolution

Paragraph 21

Motion for a resolution

21. Stresses the need to move to a definitive VAT system based on the principle of taxation in the country of destination; calls on the Council to adopt the proposal for a directive of 25 May 2018;

Amendment

21. Stresses the need to move to a definitive VAT system based on the principle of taxation in the country of destination; calls on the Council to adopt the proposal for a directive of 25 May 2018; ***Given that Council adoption is lacking to date, technological solutions to address VAT fraud could be considered in the meantime, such as the Transaction Network Analysis (TNA) tool, blockchain and split payment.***

Or. en

Amendment 150

Kira Marie Peter-Hansen

on behalf of the Verts/ALE Group

Motion for a resolution

Paragraph 21

Motion for a resolution

21. Stresses the need to move to a definitive VAT system based on the principle of taxation in the country of destination; ***calls*** on the Council to adopt the proposal for a directive of 25 May 2018;

Amendment

21. Stresses the need to move to a definitive VAT system based on the principle of taxation in the country of destination; ***urges*** on the Council to adopt the proposal for a directive of 25 May 2018 ***and condemns those Member States blocking progress;***

Or. en

Amendment 151

Lídia Pereira

Motion for a resolution

Paragraph 21 a (new)

Motion for a resolution

Amendment

21 a. *Calls on the Commission to follow-up this report with concrete legislative proposals, addressing the specific topics referred; calls on the Council to value the dialogue and cooperation with the Parliament, pursuing a proper reform of the VAT system, having these proposals in regard and the fundamental need to guarantee a democratic character to the changes on the EU taxation policy;*

Or. en

Amendment 152

Olivier Chastel, Stéphanie Yon-Courtin, Gilles Boyer

**Motion for a resolution
Paragraph 21 a (new)**

Motion for a resolution

Amendment

21 a. *Supports the Court of Auditors' proposal to consider the establishment of a mechanism revising the multiannual Weighted Average Rate (WAR) during the period covered by multiannual financial framework in order to avoid distortions in the level of contribution based on the VAT during this period in case of a Member State decides to change its VAT policy;*

Or. en

Amendment 153

Eugen Jurzyca, Michiel Hoogeveen, Johan Van Overtveldt

**Motion for a resolution
Paragraph 21 a (new)**

Motion for a resolution

Amendment

21 a. *Notes that VAT directive is subject*

to the unanimous approval in the Council in accordance with article 113 of the Treaty on the Functioning of the European Union; insists that each country be free to charge VAT in the way which best fits its needs so long as this does not affect the functioning of the common market;

Or. en

Amendment 154
Markus Ferber

Motion for a resolution
Paragraph 21 a (new)

Motion for a resolution

Amendment

21 a. Notes that there is a considerable VAT collection gap in the e-commerce sector; invites the Commission to study the conclusions of the European Court of Auditors' special report on the matter^{1a} in order to close the collection gap;

^{1a} Special Report no 12/2019: E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved

Or. en

Amendment 155
Lídia Pereira

Motion for a resolution
Paragraph 21 b (new)

Motion for a resolution

Amendment

21 b. Recalls the merits of the Taxpayer Identification Number (TIN) as a useful instrument to guarantee compliance and the respect for tax obligations; calls on

the Commission and Member States to explore all the possibilities of the TIN as a mechanism to safeguard high standards of efficiency on reporting;

Or. en

Amendment 156
Lídia Pereira

Motion for a resolution
Paragraph 21 c (new)

Motion for a resolution

Amendment

21 c. Supports the idea to expand the scope of the VAT One Stop Shop (OSS) which is in place since 2015 for the declaration and payment of VAT; underlines the need to specifically address the adaptation of the OSS to the increasingly higher dimension of e-commerce;

Or. en

Amendment 157
Lídia Pereira

Motion for a resolution
Paragraph 21 d (new)

Motion for a resolution

Amendment

21 d. Calls on the Commission to assess the current framework and propose concrete legislative proposals on the verification of cross-border transactions, that must be reinforced to secure VAT; underlines, in this regard, the need to specifically address the opportunities that come from the use of new digital technologies, with high standards of data protection and privacy, as corollaries of taxpayers rights;

Amendment 158

Lídia Pereira

Motion for a resolution

Paragraph 21 e (new)

Motion for a resolution

Amendment

21 e. Recalls the urgent need to guarantee full transposition and proper implementation of the VAT e-commerce package; calls the Commission to evaluate the state-of-play in this regard and present concrete proposals to adapt the rules, having the circumstances of exponential growth of e-commerce in consideration;

Or. en

Amendment 159

Lídia Pereira

Motion for a resolution

Paragraph 21 f (new)

Motion for a resolution

Amendment

21 f. Recalls the importance of a closer dialogue with international partners, mainly the most relevant trade partners, regarding VAT; this cooperation must start and be based on the dimension of administrative cooperation, in order to guarantee an effective logic of exchange of information that can enhance the combat against schemes leading to fraud or evasion;

Or. en

Amendment 160

Lídia Pereira

**Motion for a resolution
Paragraph 21 g (new)**

Motion for a resolution

Amendment

21 g. Notes the Commission intention to change the nature of the VAT Committee and the objectives regarding a future "comitology committee"; underlines the need to count on the Parliament position on this matter; recalls the need to guarantee full respect for the european institutional framework on taxation and the distribution of competences regarding indirect taxation;

Or. en