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*****II**

RECOMMENDATION FOR SECOND READING

on the common position adopted by the Council with a view to the adoption of a European Parliament and Council Decision on adopting a Community programme to improve the operation of taxation systems in the internal market (Fiscalis programme 2003-2007)
(10612/2/2002 – C5-0383/2002 – 2002/0015(COD))

Committee on Economic and Monetary Affairs

Rapporteur: José Manuel García-Margallo y Marfil

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

CONTENTS

	Page
PROCEDURAL PAGE	4
DRAFT LEGISLATIVE RESOLUTION.....	5
EXPLANATORY STATEMENT	6

PROCEDURAL PAGE

At the sitting of 13 June 2002 Parliament adopted its position at first reading on the proposal for a European Parliament and Council decision on adopting a Community programme to improve the operation of taxation systems in the internal market (Fiscalis programme 2003-2007) (COM(2002) 10 - 2002/0015 (COD)).

At the sitting of 5 September 2002 the President of Parliament announced that the common position had been received and referred to the Committee on Economic and Monetary Affairs (10612/2/2002 - C5-0383/2002).

The committee had appointed José Manuel García-Margallo y Marfil rapporteur at its meeting of 19 February 2002.

It considered the common position and draft recommendation for second reading at its meetings of 11 September 2002 and 2 October 2002.

At the latter meeting it adopted the draft legislative resolution by 28 votes to 5, with 1 abstention.

The following were present for the vote: Christa Randzio-Plath, chairman; José Manuel García-Margallo y Marfil, vice-chairman and rapporteur; Philippe A.R. Herzog and John Purvis, vice-chairmen; Generoso Andria, Luis Berenguer Fuster (for Helena Torres Marques), Roberto Felice Bigliardo, Hans Blokland, Renato Brunetta, Hans Udo Bullmann, Harald Ettl (for Bernhard Rapkay), Jonathan Evans, Ingo Friedrich, Carles-Alfred Gasòliba i Böhm, Robert Goebbels, Lisbeth Grönfeldt Bergman, Brice Hortefeux, Christopher Huhne, Othmar Karas, Giorgos Katiforis, Piia-Noora Kauppi, Christoph Werner Konrad, Alain Lipietz, Thomas Mann (for Astrid Lulling), Helmuth Markov (for Armonia Bordes), Hans-Peter Mayer, Fernando Pérez Royo, Alexander Radwan, Mónica Ridruejo, Olle Schmidt, Bruno Trentin, Jaime Valdivielso de Cué (for Ioannis Marinos), Ieke van den Burg (for Pervenche Berès) and Theresa Villiers.

The recommendation for second reading was tabled on 2 October 2002.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the common position adopted by the Council with a view to the adoption of a European Parliament and Council Decision on adopting a Community programme to improve the operation of taxation systems in the internal market (Fiscalis programme 2003-2007) (10612/2/2002 – C5-0383/2002 – 2002/0015(COD))

(Codecision procedure: second reading)

The European Parliament,

- having regard to the Council common position (10612/2/2002 – C5-0383/2002),
 - having regard to its position at first reading¹ on the Commission proposal to Parliament and the Council (COM(2002) 10²),
 - having regard to Article 251(2) of the EC Treaty,
 - having regard to Rule 78 of its Rules of Procedure,
 - having regard to the recommendation for second reading of the Committee on Economic and Monetary Affairs (A5-0320/2002),
1. Approves the common position;
 2. Notes that the act is adopted in accordance with the common position;
 3. Instructs its President to sign the act with the President of the Council pursuant to Article 254(1) of the EC Treaty;
 4. Instructs its Secretary-General duly to sign the act and, in agreement with the Secretary-General of the Council, to have it published in the Official Journal of the European Communities;
 5. Instructs its President to forward its position to the Council and Commission.

¹ OJ C Not yet Published.

² OJ C 103 E, 30.4.2002, p. 361.

EXPLANATORY STATEMENT

The procedure so far

The proposal at hand essentially seeks to prolong the current Fiscalis programme until 2007, whilst at the same time expanding the scope of the programme. An increased budget was also proposed by the Commission.

The proposal was approved by the European Parliament at first reading on 13 June subject to 7 relatively minor amendments. The Council reached a political agreement on 4 July, and the Common Position was adopted through written procedure at the end of July.

Critical Appraisal of the Account Taken of Parliament's Amendments

Only one amendment (amendment 5 concerning the forwarding of reports to the EP) has been accepted in full by the Council, but the point raised by amendments 1 and 2 (funding beyond 2006) has been taken into account.

Amendments 6 and 7 have not been included but, as they are not central to the operation of the programme, your rapporteur considers that the Council's reasons for not taking them on board can be accepted.

Amendments 3 and 4 sought to modify the scope of the programme in the fields of indirect taxation and direct taxation respectively. This aspect has been completely modified by the Council to the effect, as far as indirect taxation is concerned, that the objective is the same as for the current programme.

The Commission proposed as an objective to "support the European Union's VAT Strategy". The Council has made the objectives rather more concrete: "achieve a high common standard of understanding", to "secure efficient, effective and extensive co-operation" and to "ensure the continuing improvement of administrative procedures".

Your rapporteur can accept the rationale behind this change, namely that the programme after all is supposed to be about practical co-operation rather than about developing tax policy. Against that background, the new wording of the objectives can be accepted

Changes Made by The Council

The main change introduced by the Council is that the Budget has been cut from € 56 million to €44 million. However, it should be noted that this latter amount is in line with the annual appropriation for the current programme and that several new provisions have been added by the Council restricting the Commission's possibilities to launch new IT systems or other new initiatives. Finally, the Commission itself has accepted the cut, stressing that it will seek additional funding should it be needed in order to launch new projects or systems.

Against that background, your rapporteur considers that also the Parliament should accept the new budget suggested by the Council. The Parliament will of course remain open to new proposals requiring additional funding.

The many other smaller changes introduced by the Council for the most part improves the text and can therefore be accepted.

Conclusion

Your rapporteur fully agrees with the conclusion drawn by the Commission in its Communication on the common position, namely that the Council text is an adequate compromise. Your rapporteur, too, regrets the cut in the budget made by the Council but is satisfied with the fact that the Commission itself accepts the reduction. He also takes note of the Commission's intention to ask for supplementary funding should this be necessary to fund new IT systems, such as the one for cross-border VAT deductions.

Given that the current Fiscalis programme expires at the end of the year, the adoption of the new Fiscalis framework is urgently needed so that the various IT systems such as VIES can operate after 31 December 2002.

For those reasons, your rapporteur proposes that the Council Common Position should be accepted without amendment.