

# EUROPEAN PARLIAMENT

1999



2004

---

*Session document*

FINAL  
**A5-0467/2003**

4 December 2003

**\***

## **REPORT**

on the proposal for a Council directive amending Directive 77/388/EEC  
as regards value added tax on services provided in the postal sector  
(COM(2003) 234 – C5-0227/2003 – 2003/0091(CNS))

Committee on Economic and Monetary Affairs

Rapporteur: Olle Schmidt

### ***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 EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION .....	5
EXPLANATORY STATEMENT .....	6
OPINION OF THE COMMITTEE ON REGIONAL POLICY, TRANSPORT AND TOURISM.....	10

## PROCEDURAL PAGE

By letter of 13 May 2003 the Council consulted Parliament, pursuant to Article 93 of the EC Treaty, on the proposal for a Council directive on amending Directive 77/388/EEC as regards value added tax on services provided in the postal sector (COM(2003) 234 – 2003/0091(CNS)).

At the sitting of 15 May 2003 the President of Parliament announced that he had referred the proposal to the Committee on Economic and Monetary Affairs as the committee responsible and the Committee on Regional Policy, Transport and Tourism for its opinion C5-0227/2003).

The Committee on Economic and Monetary Affairs appointed Olle Schmidt rapporteur at its meeting of 20 May 2003.

The committee considered the Commission proposal and draft report at its meetings of 17 June 2003, 4 November 2003 and 2 December 2003.

At the last meeting it adopted the draft legislative resolution by 17 votes, with 12 abstentions.

The following were present for the vote Christa Randzio-Plath (chairwoman), Philippe A.R. Herzog (vice-chairman), John Purvis (vice-chairman), Olle Schmidt (rapporteur), Pervenche Berès, Roberto Felice Bigliardo, Hans Blokland, Armonia Bordes, Hans Udo Bullmann, Jonathan Evans, Carles-Alfred Gasòliba i Böhm, Robert Goebbels, Lisbeth Grönfeldt Bergman, Jas Gawronski (for Renato Brunetta pursuant to Rule 153(2)), Mary Honeyball, Othmar Karas, Giorgos Katiforis, Alain Lipietz, Astrid Lulling, Hans-Peter Mayer, Simon Francis Murphy (for David W. Martin), Ioannis Patakis, Fernando Pérez Royo, Bernhard Rapkay, Amalia Sartori (for Piia-Noora Kauppi) pursuant to Rule 153(2)), Peter William Skinner, Charles Tannock (for Ingo Friedrich), Bruno Trentin and Theresa Villiers.

The opinion of the Committee on Regional Policy, Transport and Tourism is attached.

The report was tabled on 4 December 2003.

## **DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION**

**on the proposal for a Council directive on amending Directive 77/388/EEC  
as regards value added tax on services provided in the postal sector(COM(2003) 234 –  
C5-0227/2003 – 2003/0091(CNS))**

### **(Consultation procedure)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2003) 234)<sup>1</sup>,
  - having regard to Article 93 of the EC Treaty, pursuant to which the Council consulted Parliament (C5-0227/2003),
  - having regard to Rule 67 of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Regional Policy, Transport and Tourism (A5-0467/2003),
1. Rejects the Commission proposal;
  2. Calls on the Commission to withdraw its proposal and submit a new one;
  3. Instructs its President to forward its position to the Council and Commission.

---

<sup>1</sup> Not yet published in OJ.

## EXPLANATORY STATEMENT

### I. The Commission Proposal – What it is, and what it is not.

In short, the Commission proposal seeks to remove the VAT exemption for postal services, which has been in place since the 6th VAT Directive was adopted in 1977. Traditionally, this sector was dominated by state-run monopolies, facing little or no competition. It therefore made sense, at the time, to make such services exempt from VAT, in line with the treatment of other public services. However, in the 25 years that have passed since then, postal markets have undergone tremendous changes. The market is being liberalized at European level, and there have also been changes at national level, with several old PTT:s being turned into limited companies.

The Commission argues that this has resulted in an uneven playing field, especially as only services provided by the public operators are exempt from VAT, with the services provided by their competitors being subject to full VAT. It should be stressed that this is not a win-win scenario for either category of operator - the current system has advantages and disadvantages for both.

**Public operators** have a competitive advantage for customers who are not able to claim back VAT, such as private individuals, charities and banks. Although their prices do include a degree of "hidden VAT" (VAT it has paid on its purchases, which it is not able to reclaim), they are likely to be able to offer a total price that is lower than a private operator who has to add up 25% of VAT.

**Private operators**, on the other hand, are likely to be more attractive for VAT registered companies as, although the overall price may be higher, the customer can reclaim the VAT which generally results in a lower net cost to the business.

A further disadvantage of the VAT exemption for public operators is that it favors self-supply, i.e. it is more cost-effective for the operator to carry out a service itself rather than subcontracting it as it can not reclaim VAT paid. A case in point is Royal Mail which has recently announced that it will discontinue its (outsourced) mail trains, and instead transport the mail by road with its own fleet of lorries.

It is against this background that the Commission proposes that the exemption shall be removed, and proposes that VAT shall be charged at the standard rate for all items of mail, over 2 Kg. in weight, while at the same time giving Member States the option of applying a reduced rate of VAT to items of addressed mail weighing less than 2 kilos.

### Critical Appraisal of the Proposal

Your rapporteur would at the outset like to stress that this proposal is not an opportunity to revisit the heated debate about the pros and cons of postal liberalisation - that issue is a separate process from what we are discussing here.

Directive 2002/39/EC has defined the framework for postal liberalisation in three stages, and the proposal at hand is a consequence of that process as it tries to access if current VAT legislation is appropriate in an increasingly open market.

Your rapporteur agrees with the Commission's assessment that they are not, and that they need to be amended. It is illogical to keep things the way they are as the current unequal tax treatment not only hampers the development of open markets and thus the development of the postal liberalisation, but this situation also distorts competition and more often than not to the disadvantage of the public operator.

Your rapporteur would nonetheless like to examine some of the issues raised by the proposal in more detail:

### **The Rate Issue**

Vat rates have only been subject to a token harmonisation in Europe. In short, Member States are to have one standard rate of at least 15%, and may apply no more than two reduced rates of at least 5% to a range of goods and services listed in Annexes H and K of the 6th VAT Directive. In addition, there are currently a number of individual derogations and transitional (parking ) rates. Incidentally, the Commission has recently put forward a proposal to modernise the whole range of reduced rates (COM(2003)397 ). The situation is currently as follows:

<b>Member State</b>	<b>Standard</b>	<b>Reduced</b>
<b>Austria</b>	20	10
<b>Belgium</b>	21	6
<b>Denmark</b>	25	
<b>Finland</b>	22	17 / 8
<b>France</b>	19.6	5.5
<b>Germany</b>	16	7
<b>Greece</b>	18	8
<b>Ireland</b>	21	10
<b>Italy</b>	20	10
<b>Luxembourg</b>	15	6
<b>Netherlands</b>	19	6
<b>Portugal</b>	19	12 / 5
<b>Spain</b>	16	7
<b>Sweden</b>	25	12 / 6
<b>United Kingdom</b>	17.5	5

*Source: Commission of the European Communities*

Although the Commission is generally not an advocate of a wide use of reduced rates, it considers that it is necessary in order to ensure that citizens are not hit with massive postage increases. Its proposal is that Member States shall be allowed to apply a reduced rate to shipments weighing less than 2 kilos.

The Commission has provided your rapporteur with economic data, showing that, were Member States to use a reduced rate, the impact would be negligible. This is so because once the Postal operators are subject to VAT, they will also be able to reclaim input VAT paid thus lowering their overall costs. True, postal operators are by their very nature labor intensive, but wage and related costs "only" account for 40-60% of total costs, depending on country. The

Commission estimates that, on average, costs will go down by some 4,2%.

On the basis of this, the Commission estimates that the price of a first class stamp in the UK, for example would increase by 0,3 euro cent in case of a VAT being charged at a reduced rate of 5%, and by 5 euro cent in case the standard rate of 17,5% were applied. It is worth noting that the UK mail regulator, Postcomm, has come to a similar conclusion. In a statement, it has said that

*"Therefore, if the UK were to charge VAT at around 5%, we believe that this would largely cover the VAT that is currently paid by Royal Mail, so, contrary to the initial press reports, it should not be assumed that stamp prices would have to rise. It seems most unlikely that the UK Government will agree to impose VAT at the full 17.5% and so increase stamp prices by several pence and this is not a course of action that we consider would be in the customers' best interests"*

Your rapporteur agrees with the Commission's proposal, but he would nonetheless like to point out that the application of a reduced rate will not remove all distortions of competition. Given that the application of the reduced rate is optional, VAT rates are then likely to vary from 5% to 25%.

He is therefore proposing an amendment urging Member States to align their rates as closely as possible, ideally in the band of 5-10%.

He would also like to ask the Commission to review the application of the reduced rate in the context of the reviews it will carry out under the terms of Directive 2002/39/EC to see whether it is still necessary. after all, although mail does fulfil an important social function, postage and related costs does only represent 0.1 - 0.2% of the average household budget in the EU. Indeed the Swedish Postal Operator has noted in a submission to the Swedish Government that the average cost per household for letters and Christmas cards is 190 SEK (€ 21) per annum.

In the case of the UK, figures for 1996-97 indicate that the average annual spend for a UK household was £29,40 (€42) that year. On the assumption that this was all spent on sending standard letters costing 28p, the impact on the household would be - in case the national operator were to increase the postage by 1p - that the annual cost would increase to £30,45 (£1,05 per annum). Thus even if the national operator were to increase the postage - which in your rapporteur's mind is not necessarily necessary - the effect would be limited for consumers.

Finally, he considers that Member States, in particular those, that do not opt for the reduced rate, should introduce special schemes to cushion the impact on charities and similar entities, eg. by introducing a special tariff for registered charities which already exists in several Member States.

### **The Scope of the Directive**

Under the terms of the proposal, it would appear that the reduced rate would only be available to services carried out by the public operator, but not to similar such services carried out by an express service. As they provide similar services, your rapporteur considers that they should



be taxed at the same rate in order to guarantee a level playing field, in particular in the area of B2C e-commerce and other forms of distance selling. If not, the public operator would always have an advantage for shipments of goods ordered by private individuals from websites.

### **Scope of a Reduced Rate - the weight limit**

The Commission has proposed a 2 kilo cut off for the reduced rate. The Commission contends that this relatively high limit is justified for two reasons: It would cover almost all household correspondence, and it would cover all mail you can put in a mailbox hence reducing the need for special stamps or similar arrangements. Having considered the various options, Your rapporteur can see the logic of the Commission proposal and proposes therefore that it should be retained.

### **Conclusion**

As indicated above, your rapporteur strongly supports the Commission proposal as a logical consequence of the liberalisation of in the postal sector. He agrees with those who argue that the two cannot be seen isolation from one another. He is convinced that customers will benefit from both these processes in the medium term.

While it is true that there *might* be some price increases in the short term, doing nothing would at the same time stifle competition and undo much of the projected benefits of postal liberalisation. The current VAT legislation is a barrier hindering new operators from entering a market, and they need to be remedied. There are those who argue that there is no need to address this now, as full liberalisation will only take place some time after 2009. Your rapporteur, however, would like to point out that the process is going faster in several Member States, and there is a need to take action now. Consider the following example:

The United Kingdom has decided to fully liberalise its postal market already by 2007. Leaving the VAT rules as they stand now would mean that new entrants in the letter market would be subject to 17,5% VAT whereas the former national monopoly would not, thus giving it a considerable cost advantage over any potential competitor. Thus in the longer run, consumers would probably be deprived of the true benefits of liberalisation greater choice of operators and products and thus price competition.

Your rapporteur can agree that there is a case for linking this issue with the general pace of liberalisation, but rather than just postponing this inevitable decision, he would as a compromise would suggest that Member States should be given the right to defer the implementation of this proposal until they have opened at least 50% of their national market to competition.

In addition, in order to ensure a true level playing field, your rapporteur is also suggesting a number of amendments whereby the reduced rate would apply to all operators, and not just to the former monopolies.

Finally, he is suggesting an amendment urging Member States to consider special schemes for registered charities so that they are not confronted with yet another instance of non-recoupable VAT.

9 October 2003

## **OPINION OF THE COMMITTEE ON REGIONAL POLICY, TRANSPORT AND TOURISM**

for the Committee on Economic and Monetary Affairs

on the proposal for a Council directive amending Directive 77/388/EEC as regards value added tax on services provided in the postal sector (COM(2003) 234 – C5-0227/2003 – 2003/0091(CNS))

Draftsman: Markus Ferber

### **PROCEDURE**

The Committee on Regional Policy, Transport and Tourism appointed Markus Ferber draftsman at its meeting of 21 May 2003.

It considered the draft opinion at its meetings of 10 September and 1 October 2003.

At the last meeting it adopted the following amendments by 39 votes to 6, with 2 abstentions.

The following were present for the vote Rijk van Dam (acting chairman), Gilles Savary (vice-chairman), Helmuth Markov (vice-chairman), Markus Ferber (draftsman), Sylviane H. Ainardi, Emmanouil Bakopoulos, Graham H. Booth (for Alain Esclopé), Philip Charles Bradbourn, Luigi Cocilovo, Danielle Darras, Jean-Maurice Dehousse (for Mark Francis Watts), Jan Dhaene, Giovanni Claudio Fava, Jacqueline Foster, Mathieu J.H. Grosch, Cristina Gutiérrez Cortines (for Felipe Camisón Asensio pursuant to Rule 153(2)), Ewa Hedkvist Petersen, Roger Helmer (for Carlos Ripoll y Martínez de Bedoya), Konstantinos Hatzidakis, Juan de Dios Izquierdo Collado, Georg Jarzembowski, Dieter-Lebrecht Koch, Giorgio Lisi, Sérgio Marques, Emmanouil Mastorakis, Erik Meijer, Bill Miller (for John Hume), Enrique Monsonís Domingo, Francesco Musotto, Josu Ortuondo Larrea, Peter Pex, Wilhelm Ernst Piecyk, Samuli Pohjamo, Bernard Poignant, Alonso José Puerta, Reinhard Rack, Ingo Schmitt, Brian Simpson, Renate Sommer, Dirk Sterckx, Ulrich Stockmann, Margie Sudre, Hannes Swoboda (for Garrelt Duin), Joaquim Vairinhos, Jaime Valdivielso de Cué (for Christine de Veyrac pursuant to Rule 153(2)), Ari Vatanen and Herman Vermeer.

## SHORT JUSTIFICATION

### Background

Under the Sixth Directive 77/388/EEC on the harmonisation of the laws of the Member States relating to turnover taxes, the supply of services by public postal operators, and the supply of goods incidental thereto, are exempted from VAT. At the time when this directive was adopted, virtually all postal services were provided by national monopolies.

VAT exemption means on the one hand that no tax is levied on the value added at a particular 'production stage' of the service. However, the exemption has effects on the deduction of input tax: when the product is resold, the VAT already contained in its price can no longer be deducted. Accordingly, in spite of the exemption, a kind of "hidden VAT" remains inherent in such purchases.

With the opening of the postal market to competition, VAT-exempted service providers are now competing with private providers who are required to pay turnover taxes.

For customers, the treatment of their postal operator in terms of turnover tax has varying consequences. Purchasers who are not entitled to deduct input tax (such as private individuals) will prefer the prices of a public service provider. For them the service is cheaper in spite of the concealed tax contained in the price. On the other hand, for a firm entitled to deduct input tax, a private postal operator is cheaper, since the firm is able to pass on the VAT charged to it in the form of input tax.

### The Commission proposal

1. In view of this distortion of competition, the Commission proposes that postal services should in future be subject to VAT. However, the solution of simply making all postal services automatically subject to the normal rate would have one serious shortcoming: it would mean that prices for private customers would rise substantially, even if not to the extent of that normal rate, (as postal operators would themselves be entitled to deduct input tax). Still, given the VAT rates in the various Member States, this would mean an increase of 15% to 25%, a significant rise in consumer prices.
2. For this reason, the Commission proposal contains an option for the Member States to introduce a reduced VAT rate for certain postal services. Since it is not technically possible to introduce a reduced rate solely for private customers, the Commission proposes the option of a reduced rate for standard postal services - addressed envelopes and packages with an individual weight of no more than 2 kg per item. This range would also cover a part of the commercial postal service.
3. Postal items for delivery outside the Community are currently exempt from VAT. Given the proposed abolition of exemptions for items dispatched within the EU, this risks leading to a two-tier taxation system. Accordingly, one central point of the proposal relates to the definition of the place of supply: standard postal services concerning all addressed items weighing 2 kg or less will be treated as if they are for delivery within the Community. This would mean that the VAT exemption is abolished for these services too. The weight limit (2 kg) relating to the place of supply would be identical to the limit for the application of the reduced rate.

## Your draftsman's comments

The Commission proposal is understandable from the point of view of competition policy. It cannot be denied that the distortion of competition in terms of taxation on the market for postal services is unacceptable in the long run. Your draftsman therefore supports the objectives of the proposal in principle.

However, the guidelines for competition policy in the internal market should not indirectly result in the consumer being sidelined. Consumer protection - that is, efficient and also cheap postal services - must be accorded high value. We need to ensure that private individuals are not faced with significant price increases for postal services.

In order to limit these price rises, and at the same time to enlarge the scope of the reduced VAT rate, your draftsman proposes amendments affecting two points:

1. The 2 kg weight limit per item proposed by the Commission for application of the reduced rate should be increased to 10 kg.
2. The reduced VAT rate for postal services should be set at a uniform level of 5%.

## AMENDMENTS

The Committee on Regional Policy, Transport and Tourism calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

---

Text proposed by the Commission<sup>1</sup>

---

---

Amendments by Parliament

---

### Amendment 1 RECITAL 1

(1) The existing value added tax (VAT) exemption of postal services under the Sixth Directive 77/388/EEC of the Council of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes – common system of value added tax: uniform basis of assessment, is limited solely to public postal operators, and *the*

(1) The existing value added tax (VAT) exemption of postal services under the Sixth Directive 77/388/EEC of the Council of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes – common system of value added tax: uniform basis of assessment, is limited solely to public postal operators, and *should*

---

<sup>1</sup> OJ C ... / Not yet published in OJ..

*resulting discrepancy, whereby those services are exempt if they are supplied by public operators but taxed if supplied by private operators, gives rise to distortions of competition.* *be maintained.*

Amendment 2  
RECITAL 2

*(2) The proper functioning of the internal market requires that wherever possible, such distortions be eliminated.* *deleted*

Amendment 3  
RECITAL 3

*(3) The Commission is committed to a strategy of modernising and simplifying the operation of the VAT system within the context of the internal market.* *deleted*

Amendment 4  
RECITAL 4

*(4) As regards to the application of VAT to postal services all such services should be made taxable by treating them as goods transport services, thereby allowing postal operators to deduct input tax incurred on purchases. In consequence, overall net prices should decrease and any overall price increase arising from the introduction of VAT would be unlikely to be equal to the standard rate percentage applying in each Member State.* *deleted*

Amendment 5  
RECITAL 5

*(5) In order to counter gross price increases in certain limited areas, for private consumers, it is appropriate to apply a reduced rate, which produces the same revenue effect as the current exemption. However, a reduced rate across the sector should not be introduced, since it would lead to greater instances of distortion.* **deleted**

Amendment 6  
RECITAL 5 a (new)

***(5 a) A reduced rate for postal services should be set at a uniform rate of 5% in the Member States.***

*Justification*

*VAT rates differ greatly between one Member State and another. In some countries the reduced rate is 10%, in others more. To avoid steep price increases for private customers, it is therefore necessary to set a reduced rate at a uniform 5%.*

Amendment 7  
RECITAL 6

*(6) The place-of-supply-rules for letter post should be amended in order to reduce the possibilities for error or fraud, provide simplification and ensure that the Community system is comparable to other similar systems.* **deleted**

Amendment 8  
RECITAL 7

*(7) In order to enhance the efficiency of a simplified accounting scheme for postal* **deleted**

*operators, it should be possible to treat postage stamps as goods but ignore them for tax purposes when they are supplied for the purpose of obtaining postal services.*

Amendment 9  
RECITAL 8

*(8) Given the differing levels of technology used by national postal operators, it should be left to Member States to design the most appropriate special accounting system.* **deleted**

Amendment 10  
RECITAL 9

*(9) In principle, a refund of VAT would be available to postal operators established in third countries, under the Thirteenth Council Directive 86/560/EEC of 17 November 1986 on the harmonisation of laws of the Member States relating to turnover taxes – Arrangements for the refund of value added tax to taxable persons not established in the Community Territory. However, given that the activities of some state owned postal operators might not be considered to be economic activities, thus preventing such refund, exemption with the right of deduction should be provided for any terminal dues within the meaning of Article 2(15) of Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service , in respect of the distribution of incoming cross-border mail from third countries.* **deleted**

Amendment 11  
RECITAL 10

*(10) Since the objectives of this Directive cannot be sufficiently achieved by the Member States for the above mentioned reasons and can therefore be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.* **deleted**

Amendment 12  
RECITAL 10a (new)

*(10a) The implementation of this directive should be timed to coincide with the full accomplishment of the internal market for postal services which Directive 2002/39/EC<sup>1</sup> is designed to achieve. OJ L 176, 5.7.2002, p. 21*

*Justification*

*Pursuant to Article 1 of Directive 2002/39/EC, the Commission is finalising a prospective study to assess the impact on universal service of the full accomplishment of the postal internal market in 2009. On the basis of that study, the Commission is supposed to submit a report to the European Parliament and the Council by 31 December 2006 together with a proposal to confirm or review 2009 as the planned date for the opening to competition of the internal market in postal services. The findings of that study, and their implications for any further action, are also relevant to the present competition-oriented proposal for a directive. It would be appropriate, therefore, to link the deadline for implementation of the directive to that process.*



Amendment 13

RECITAL 11

(11) Directive 77/388/EEC *should therefore be amended accordingly,*

(11) *The provisions of Directive 77/388/EEC exempting public postal operators from value added tax should be maintained,*

Amendment 14

ARTICLE 1, PARAGRAPH 1 a (new)

Article 12, paragraph 3, letter (a), subparagraph 3 (Directive 77/388/EEC)

*(1 a) Article 12(3)(a), subparagraph 3, shall be worded as follows:*

*"The Member States may also apply one or two reduced rates. These reduced rates shall be set as a percentage of the basic taxable amount, which may not be lower than 5%, and shall apply only to the dispatch of objects and services in the categories listed in Annex H. In the case of postal services (Annex H, no. 18) this reduced rate shall be 5%.*

*Justification*

*Sets the reduced rate for postal services in the Member States at a uniform 5% (see justification to Amendment 6).*

Amendment 15

ARTICLE 1, PARAGRAPH 6

Annex H, no. 18 (Directive 77/388/EEC)

“18. **Standard** postal services relating to any addressed envelopes or packages, of ordinary correspondence, direct mail, books, catalogues and newspapers, where that item individually weighs no more than

“18. **Postal** services relating to any addressed envelopes or packages, of ordinary correspondence, direct mail, books, catalogues and newspapers, where that item individually weighs no more than

2 Kg, that being a fixed ceiling for the purposes of exercising this option.”

10 Kg, that being a fixed ceiling for the purposes of exercising this option.”

*Justification*

*Enlarges the scope of the possible reduced rate*

Amendment 16  
ARTICLE 2, FIRST PARAGRAPH

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by ... at the latest. They shall forthwith inform the Commission thereof.

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by ***the date on which the completion of the internal market for postal services referred to in Article 7(3) of Directive 97/67/EC<sup>1</sup> enters into force*** at the latest. They shall forthwith inform the Commission thereof.  
***OJ L 15, 21.1.1998, p. 14. Amended by Directive 2002/39/EC (OJ L 176, 5.7.2002, p. 21)***

*Justification*

*Pursuant to Article 1 of Directive 2002/39/EC, the Commission is finalising a prospective study to assess the impact on universal service of the full accomplishment of the postal internal market in 2009. On the basis of that study, the Commission is supposed to submit a report to the European Parliament and the Council by 31 December 2006 together with a proposal to confirm or review 2009 as the planned date for the opening to competition of the internal market in postal services. The findings of that study, and their implications for any further action, are also relevant to the present competition-oriented proposal for a directive. It would be appropriate, therefore, to link the deadline for implementation of the directive to that process.*

Amendment 17  
ARTICLE 3

***This Directive shall enter into force on the twentieth day following that of its***

***deleted***

*publication in the Official Journal of the  
European Union.*