Amendment 1
Eugen Jurzyca
on behalf of the ECR Group

Report
Olivier Chastel
Implementation of the Sixth VAT Directive (2020/2263(INI))

Motion for a resolution
Paragraph 4

4. 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 help to achieve certain national policy objectives, such as access to essential goods and sectors such as health and food, but that it also aggravates the complexity and opacity of the tax system, increases compliance costs and may facilitate fraud; understands that the application of reduced rates can lead to a decrease in the price to the consumer, but depends on several other factors; notes, therefore, that a thorough analysis and impact assessment need to be carried out;

Amendment

4. 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 help to achieve certain national policy objectives, such as access to essential goods and sectors such as health and food, but that it also aggravates the complexity and opacity of the tax system, increases compliance costs and may facilitate fraud; understands that the application of reduced rates can lead to a decrease in the price to the consumer, but depends on several other factors; notes, therefore, that a thorough analysis and impact assessment need to be carried out; 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
Motion for a resolution
Paragraph 23

23. 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 and the wide variety of rates, which incur higher compliance costs; recalls that an effective VAT system contributes to the fight against tax evasion and tax optimisation; 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 be aimed at facilitating cross-border growth;

Amendment

23. Stresses that a well-designed VAT system with low average tax rates is neutral and less vulnerable to tax evasion and tax optimisation; stresses further that such a system 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 and the wide variety of rates, which incur higher compliance costs; recalls that an effective VAT system contributes to the fight against tax evasion and tax optimisation; 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 be aimed at facilitating cross-border growth;

Or. en
33. 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; notes 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; calls on national tax authorities to take initiatives to reduce the VAT gap in order to improve public finances, especially in the light of the economic downturn caused by the COVID-19 pandemic, and increase EU own resources; notes, however, that theoretical and empirical evidence shows that a lower tax rate may also lead to higher revenue; \[1\]

\[1\] VAT Efficiency — A Discussion on the VAT System in the European Union, 2021, MDPI — Multidisciplinary Digital Publishing Institute, based in Switzerland. ‘The research was based on a literature query in the field of value added tax in the European Union ... The conclusions of the research are as follows: a tax system with a small number of reduced rates, and preferably with one relatively low standard rate, is the system least susceptible to tax fraud. The research also
shows a positive correlation between the value of the basic VAT rate along with the number of preferential rates and the scale of the tax gap, i.e., in countries with a higher standard VAT rate and a greater number of preferential rates, the tax gap is greater.'
Amendment 4
Eugen Jurzyca
on behalf of the ECR Group

Report
Olivier Chastel
Implementation of the Sixth VAT Directive (2020/2263(INI))

Motion for a resolution
Paragraph 37

37. Calls for a simplified and modernised VAT system with limits on exemptions and non-standard rates to be introduced with a view to promoting fair and efficient business competitiveness within the internal market, reducing compliance costs and improving voluntary compliance; notes that such a simplified VAT system would still benefit from a One-Stop Shop in order to reduce compliance costs for EU companies and boost intra-EU trade; takes note of the proposal by the former Portuguese Council presidency and the current Slovenian Council presidency to phase out all zero VAT rates and reduced rates on environmentally harmful goods and services at Member-State level, such as fossil fuels, chemical pesticides and chemical fertilisers; calls for the implementation of social measures for low-income households to be studied in order to compensate for the decrease in disposable income arising from higher VAT rates for polluting goods and services; urges the Member States to quickly adopt the proposal for a revised directive on VAT rates\(^\text{32}\);

Amendment 5
Eugen Jurzyca
on behalf of the ECR Group

Report
Olivier Chastel
Implementation of the Sixth VAT Directive (2020/2263(INI))

Motion for a resolution
Paragraph 38

38. Stresses that the VAT gap is chiefly attributable to a combination of factors in each Member State, such as legislative loopholes, a 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; calls, in this regard, on the Member States to improve administrative cooperation and enhance the performance of national tax authorities; welcomes the Transaction Network Analysis tool 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

38. Stresses that the VAT gap is chiefly attributable to a combination of factors in each Member State, such as legislative loopholes, a 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; calls, in this regard, on the Member States to improve administrative cooperation and enhance the performance of national tax authorities; stresses that fighting tax fraud and tax evasion should not breach the principles of tax sovereignty and tax competition; welcomes the Transaction Network Analysis tool 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;

Or. en
9.2.2022 

Amendment 6
Eugen Jurzyca
on behalf of the ECR Group

Report
Olivier Chastel
Implementation of the Sixth VAT Directive
(2020/2263(INI))

Motion for a resolution
Paragraph 41

41. 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 – e.g. a tax-free threshold and progressive tax rates – and are generally less costly, provided that other conditions are fulfilled;

Amendment

41. 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;
Amendment 7  
Eugen Jurzyca  
on behalf of the ECR Group  

Report  
Olivier Chastel  
Implementation of the Sixth VAT Directive  
(2020/2263(INI))  

Motion for a resolution  
Paragraph 43  

43. **Calls on the Commission to follow up on this report with concrete legislative proposals, addressing the specific topics referred to above;** calls on the Council to value dialogue and cooperation with Parliament on pursuing a proper reform of the VAT system, bearing these proposals in mind, as well as the fundamental need to guarantee the democratic character of the changes on the EU’s taxation policy;  

43. **Takes note of the fact that on 7 December 2021, after more than three years of negotiations, the Council reached an agreement on a proposal to update the European rules on VAT rates;** calls on the Council to value dialogue and cooperation with Parliament on pursuing a proper reform of the VAT system, bearing these proposals in mind, as well as the fundamental need to guarantee the democratic character of the changes on the EU’s taxation policy;  

Or. en