

EUROPEAN PARLIAMENT

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WRITTEN DECLARATION

pursuant to Rule 116 of the Rules of Procedure

by Den Dover and Kathy Sinnott

on calling for Member States to apply reduced VAT rates in the housing sector

Lapse date: 28.12.2005

Written declaration on calling for Member States to apply reduced VAT rates in the housing sector

The European Parliament,

- having regard to Rule 116 of its Rules of Procedure,
 - A. whereas the temporary faculty provided for in Article 28(6) of Council Directive 77/388/EEC (the Sixth VAT Directive) to apply reduced VAT rates on labour-intensive services (including housing) will expire in December 2005 and the transitional derogations on VAT granted to the new Member States will expire in December 2007,
 - B. whereas the re-application of the standard VAT rate to housing activities in the Member States using this faculty, as well as in the new Member States which have benefited from the transitional derogations, will have a negative impact on their real estate and other sectors, and will almost certainly be followed by a massive loss of jobs and bankruptcies,
 - C. whereas, in addition, any increase in real estate and rental prices as a result of the application of the standard VAT rate will compromise a series of social policies such as the access to decent housing at affordable prices,
 - D. whereas the principle of subsidiarity should apply,
 - E. whereas, in view of the local nature of housing activities, the application of reduced VAT rates to such activities is unlikely to create distortions of competition,
1. Calls on the Council:
 - a. to acknowledge the urgent need to address the expiry of the faculty in Article 28(6) of the Sixth VAT Directive (Annex K) and the transitional derogations granted to the new Member States,
 - b. to give all Member States the option to apply reduced VAT rates for labour intensive activities (such as building work) beyond 31 December 2005,
 - c. to support the Commission's position in favour of broadening the Member States' faculty to apply reduced rates (Annex H of the Sixth VAT Directive) to the supply, construction, renovation, alteration, repair, maintenance, cleaning and rental of all types of housing,
 - d. to include within this provision the alteration of buildings to meet the special requirements of the aged and those who are temporarily or permanently disabled;
 2. Instructs its President to forward this declaration, together with the names of the signatories, to the Council, the Commission and the Member States.