

WRITTEN QUESTION E-6342/08
by Raymond Langendries (PPE-DE)
to the Commission

Subject: Impact of VAT exemptions on the measures for getting out of the crisis

The mechanisms for exemption from VAT on the sale of new houses to households have the following effects:

- the household buys a new home burdened with non-deductible VAT; this VAT represents an immediate financial resource for the Member State in which the building is located;
- the purchase will generally be financed by a loan which will be used to repay the price of the purchase, the interest on the principal, the VAT and the interest on the VAT.

A substantial part of the current (and future) income of households is therefore going on paying taxes collected, in some cases, a very long time ago – when the economy was booming – and the interest on these taxes.

Does the Commission not think that this penalises the efforts of the Member States to relaunch household consumption by lowering interest rates on loans, insofar as households have to set aside part of their current working income to pay taxes which the Member States themselves spent sometimes as long as 20 years ago?

Has the Commission, and more particularly its DG Economic and Financial Affairs, carried out any studies of the macroeconomic impact of the VAT system on property transactions?