

**Question for written answer E-010055/2013
to the Commission**
Rule 117
Nikola Vuljanić (GUE/NGL)

Subject: Taxation of cash transactions in outdoor contexts

I am consulting you on a question that may, at first, seem to be an internal matter for Croatia. However, it seems to me that its implications concern a number of the European Union's fundamental principles.

To be specific, 2013 saw the introduction of a process for taxing cash transactions in Croatia. This process involves recording all financial cash transactions using fiscal devices that are directly connected to the Croatian Ministry of Finance, or rather to its taxation office. This was a praiseworthy attempt to introduce more discipline to cash transactions, to minimise tax evasion and to reduce the grey economy to an acceptable level. Overall, these measures have met with the general approval, not only of political circles, but of the general public as well. As a result, the sales registered in some activities (for example, in the hospitality industry) have increased threefold, or even more.

However, in early summer, this means of collecting taxation began to apply to cash transactions carried out in open-air fruit and vegetable markets, i.e. at vendor stalls, where the introduction of fiscal devices met with the most opposition, both because the stall owners found it impractical to operate the devices in the open and because they were unable to change their prices during the course of the day (they found it impossible to haggle). The Croatian tax authorities are implementing the regulations strictly and have enforced tax collection in this area, too, despite all the difficulties.

I have been informed by the leaders of the Croatian Markets' Association that open-air markets play host to traditional international events, such as border fairs, religious festivals and other cross-border traditional events. For decades, or even centuries, they have been selling goods (handicrafts, clothing and other goods) from, not only Croatia, but neighbouring countries, too. Some of the countries neighbouring Croatia are members of the EU (Italy, Slovenia, Hungary), while some are not, or are yet to become members (Serbia, Bosnia and Herzegovina, Montenegro). However, craftsmen and traders from those latter countries cannot sell their goods in Croatia, because they are unable to comply with the Croatian Taxation of Cash Transactions Act (i.e. they are unable to obtain a certificate from the Croatian Finance Agency, the payment processing device or sales receipt pads certified by the Croatian tax authorities) because they are not registered as legal entities in Croatia. Those from EU Member States, on the other hand, are registered in their respective countries.

In my opinion, such rigid law enforcement is not only destroying a beautiful central European tradition, which has brought neighbouring nations together in all the turbulent times they have faced, it is also breaching fundamental EU principles of free trade. I would, therefore, like to know what your position on this matter is and whether you can help in any way in righting this wrong.