

WRITTEN QUESTION P-1199/04
by Helmuth Markov (GUE/NGL)
to the Commission

Subject: VAT levy on EU aid

Recipients of aid from the ESF have asked me to inform the Commission that, under the split taxation assessment procedure, recipients in the Federal Republic of Germany are required to pay VAT and, in addition, must provisionally provide finance for projects as the EU does not make funding available concurrently.

1. Does the Commission share the view that the allocation of aid in general and, in the case of the ESF in particular, should not be organised under Member States' rules in such a way that the recipients are required to pay VAT, thereby making European funding subject to taxation in the Member State?
2. What steps does the Commission intend to take to put an end to such a procedure?
3. On what legal basis can the recipients concerned lodge a complaint or initiate proceedings in response to such a procedure?
4. What action will the Commission take so that, in future, the eventual recipients of EU aid do not have to provide provisional funding themselves over a period of months?