



14.11.2011

B7-0608/2011 }
B7-0609/2011 }
B7-0610/2011 } RC1

JOINT MOTION FOR A RESOLUTION

pursuant to Rule 115(5) of the Rules of Procedure

replacing the motions by the following groups:

S&D (B7-0608/2011)

ALDE (B7-0609/2011)

PPE (B7-0610/2011)

on the modernisation of VAT legislation in order to boost the digital single market

Marielle Gallo

on behalf of the PPE Group

Arlene McCarthy

on behalf of the S&D Group

Diana Wallis

on behalf of the ALDE Group

Kay Swinburne

Ashley Fox

European Parliament resolution on the modernisation of VAT legislation in order to boost the digital single market

The European Parliament,

- having regard to the question of 30 September 2011 to the Commission on the modernisation of VAT legislation in order to boost the digital single market (O-000226/2011 – B7-0648/2011),
 - having regard to Articles 113 and 167 of the Treaty on the Functioning of the European Union (TFEU),
 - having regard to Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax¹,
 - having regard to Council Directive 2008/8/EC of 12 February 2008 amending Directive 2006/112/EC as regards the place of supply of services²,
 - having regard to the Commission communication entitled ‘Europe 2020: a strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
 - having regard to the Commission communication entitled ‘A Digital Agenda for Europe’ (COM(2010)0245),
 - having regard to the Commission’s Green Paper on the future of VAT (COM(2010)0695),
 - having regard to Parliament’s resolution of 12 May 2011 on unlocking the potential of cultural and creative industries³,
 - having regard to its resolution of 13 October 2011 on the future of VAT⁴,
 - having regard to the OECD Guidelines on the Neutrality of VAT,
 - having regard to Rules 115(5) and 110(2) of its Rules of Procedure,
- A. whereas one of the EU 2020 strategy’s flagship initiatives involves the creation of a digital single market;
- B. whereas the EU digital single market remains fragmented;
- C. whereas the economic crisis has severely damaged economic growth prospects, and whereas the digital economy has the potential to contribute significantly to the prosperity of Europe in the years to come;
- D. whereas the US Internet Tax Freedom Act, which came into force in 1998 and has since been

¹ OJ L 347, 11.12.2006, p. 1.

² OJ L 44, 20.2.2008, p. 11.

³ Texts adopted, P7_TA(2011)0240.

⁴ Texts adopted, P7_TA(2011)0436.

extended, and which prohibits the application by federal and local government of discriminatory sales tax rates on online sales, has had a significant impact on e-commerce and has contributed to the setting up of companies that now dominate global markets;

- E. whereas the EU needs to fulfil the potential of the single market by facilitating online and cross-border trade among Member States;
- F. whereas the Commission is currently looking into the future of VAT, and whereas the EU 2020 strategy must be taken into account in this connection;
 - 1. Points out that the current legal framework, with particular reference to Annex 3 to Directive 2006/112/EC, is a barrier to the development of new digital services and thus inconsistent with the goals set out in the digital agenda;
 - 2. Considers that the VAT rates applicable to books illustrate the shortcomings of current legislation in that, while Member States may apply reduced VAT rates to the supply of books on all physical media, e-books are subject to a standard rate of no less than 15%; takes the view that this discrimination is untenable, given the potential growth of this segment of the market;
 - 3. Stresses that the EU must be ambitious and go beyond merely remedying the inconsistencies of the current legal framework; takes the view that encouraging companies to develop and offer new pan-European online services should be a priority in the review of VAT rules;
 - 4. Points out, however, that the EU should develop solutions tailored to its own needs; considers that, with a view to developing a genuine single market, EU law could allow Member States to apply, on a temporary basis, a reduced VAT rate to electronically supplied services with a cultural content;
 - 5. Considers that this new category, which would be included in the current Annex 3 to Directive 2006/112/EC, could cover the provision of online services, such as TV, music, books or newspapers and magazines, by a supplier established within the EU to any consumer resident in the EU;
 - 6. Points out that digital distribution of cultural, journalistic and creative content enables authors and content providers to reach new and larger audiences; takes the view that the EU needs to push ahead with the creation, production and distribution (on all platforms) of digital content and that the application of a reduced VAT rate to online cultural content could certainly boost growth;
 - 7. Draws attention to the OECD principles on the taxation of e-commerce which were agreed at a conference in Ottawa in 1998 and which establish that rules governing consumption taxes, such as VAT, should result in taxation in the jurisdiction where consumption takes place; points out that, in accordance with Directive 2008/8/EC, the OECD principles will apply to the EU as from 1 January 2015;
 - 8. Considers that a review of VAT legislation giving more flexibility to Member States on the application of reduced VAT rates should go hand in hand with the application of the principles laid down in Directive 2008/8/CE; points out, however, that in order to enable all Member States to benefit equally from the digital single market, the principle of taxation in the Member State where consumption takes place should apply as soon as possible; stresses

that any review should lead to the simplification of the VAT system, with, for example, a one-stop shop for VAT and the elimination of double taxation;

9. Calls, therefore, on the Commission to look into the possibility of reviewing Directive 2008/8/EC with a view to requiring VAT to be paid in accordance with the destination principle by 1 January 2015;
10. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.