

**Opinion on the proposal for a Council Directive amending Directive 77/388/EEC and introducing new simplification measures with regard to value added tax — scope of certain exemptions and practical arrangements for implementing them<sup>(1)</sup>**

(94/C 195/25)

On 30 March 1994 the Council decided to consult the Economic and Social Committee under Article 198 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

Since the Council had set an extremely short deadline for the preparation of this Opinion, the Committee decided to apply the urgency procedure and to appoint Mr Richard Müller as Rapporteur-General (Article 46 of the Rules of Procedure).

At its 315th Plenary Session (meeting of 27 April 1994) the Economic and Social Committee adopted the following Opinion unanimously.

The Committee approves the proposal subject to the following comments:

1. The Committee notes that the aim of the proposal is to facilitate the application of the VAT system in the member countries of the Community. It trusts that this will lead to a real simplification of the system. This is important for improving the operation of the internal market and ensuring that firms can compete on equal terms.
2. The Committee would stress that any change to the Community's VAT system should help to make it as watertight as possible against the possibility of tax avoidance.
3. The Committee has doubts about the effectiveness of Article 1(4) and (7) regarding transactions carried out under warehousing arrangements other than customs. These provisions reflect the justified endeavours to decentralize (subsidiarity). However, because they are optional they do not guarantee a uniform solution.

Furthermore, the proposed provisions will not bring about the requisite simplification of the VAT treatment of other chain transactions involving more than three entrepreneurs and the circulation of goods within the Community.

4. The Committee has doubts about the completeness of the rules laid down in Article 1(6) and Article 2 regarding certain goods shipments and ancillary services. The Council Decisions listed in Article 2 also contain simplification measures, which expire on 31 December 1994, in respect of certain work and moveable tangible property that have not been subject to processing within the Community. Because of the forthcoming expiry date the proposal should be expanded accordingly.
5. The Committee calls on the Commission to revise the provisions so that they really do simplify the system and make it transparent. If the proposed provisions are maintained, the Commission should keep a close watch on their application to ensure that they do not increase the burdens on firms and persons liable to pay VAT, and that the suspicion regarding tax avoidance referred to in point 2 is not borne out.

<sup>(1)</sup> OJ No C 107, 15. 4. 1994, p. 7.

Done at Brussels, 27 April 1994.

*The Chairman*  
*of the Economic and Social Committee*  
Susanne TIEMANN