

Opinion of the Economic and Social Committee on the 'Proposal for a Council Directive amending Directive 77/388/EEC on the common system of value added tax — transitional provisions granted to the Republic of Austria and the Portuguese Republic'

(2000/C 75/09)

On 13 January 2000 the Council decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Economic and Social Committee decided to appoint Mr Mario Sepi as rapporteur-general responsible for drawing up the Committee's work on the subject.

At its 369th plenary session (meeting of 26 January 2000), the Economic and Social Committee adopted the following opinion by 84 votes to one with three abstentions.

1. The Committee endorses the Commission's proposal to grant the Republic of Austria an extension of the provision which, by derogation from Article 28(2) of the Sixth VAT Directive (77/388/EEC), allowed it to apply up to 31 December 1998 a reduced rate to the letting of immovable property for residential use.

1.1. The Committee takes note of the reasons adduced by the Republic of Austria in requesting this extension (limited in any case to the transitional period laid down in Article 28(13) of the Sixth VAT Directive) and shares the Commission's opinion that the risk of distortion of competition in the letting of immovable property for residential use should be regarded as non-existent.

2. The Committee also endorses the Commission proposal to grant the Portuguese Republic an extension of the provision (also derogating from Article 28(2) of the Sixth VAT Directive) permitting it to apply a reduced rate to restaurant services up to 31 December 1991.

2.1. The Committee regards as valid the arguments put forward by the Portuguese Republic for reintroducing the reduced rate (limited to the transitional period laid down in Article 28(13) of the Sixth VAT Directive). Like the Commission, the Committee regards the risk of distortion of competition in restaurant services as non-existent, since the measure is confined to one Member State.

Brussels, 26 January 2000.

The President
of the Economic and Social Committee
Beatrice RANGONI MACHIAVELLI