

(98/C 196/45)

WRITTEN QUESTION E-3896/97**by Joaquín Sisó Cruellas (PPE) to the Commission***(11 December 1997)**Subject:* Reducing VAT in labour-intensive sectors

Commissioner Monti's proposal to introduce a reduced VAT rate on an experimental basis for certain labour-intensive sectors has been more overwhelmingly endorsed by the sectors potentially concerned, who claim that this could have a positive impact on employment. The European Union of Craft Workers and Small and Medium-Sized Undertakings (Eucsmu), the Federation of National Associations of Hotels, Restaurants, Cafes and similar establishments in the European Union and the European Economic Area (Hotrec) and the European Industry and Building Federation (EIBF) have expressed the hope that a reduced VAT rate will be applied to their services, in the belief that this would enhance their ability to create jobs and counteract competition from third countries, and at the same time restrict fiscal competition between the Member States of the Union.

I understand that the Commission is currently studying the issue of reducing VAT for certain services and that a proposal for a directive may be adopted.

Can the Commission tell me which sectors will, in principle, benefit from its proposal, and whether it wishes to introduce the general application of a reduced VAT rate for all services within those sectors?

Answer given by Mr Monti on behalf of the Commission*(13 February 1998)*

The Commission's ideas on the Honourable's written question are set out in detail in its communication to the Council 'Job creation. Possibility of a reduced VAT rate on labour-intensive services for an experimental period and on an optional basis' ⁽¹⁾.

In this communication, the Commission states that the services identified for the possible application of a reduced VAT rate for labour-intensive sectors should be genuinely labour intensive, supplied directly to consumers, principally those using low skilled labour, predominantly local (in order to avoid the problem of cross border trade distortion), and those where there is the strongest link between reduction in prices and additional demand and employment.

The Commission suggests that the following categories are likely to offer the best opportunity for job creation and that Member States could, if the Commission approach is welcome by the Council, choose from within them:

- repair services on movable tangible property (including bicycles but excluding other means of transport);
- renovation and repair services on residential housing (except new construction);
- leisure parks, cleaning services, laundries and domestic caring services such as home help, care of the young, disabled, elderly or infirm.

For the time being, the Commission is not considering the general application of a reduced VAT rate for all services within labour-intensive sectors.

⁽¹⁾ SEC(97) 2089 final.

(98/C 196/46)

WRITTEN QUESTION E-3900/97**by Nel van Dijk (V) to the Commission***(11 December 1997)**Subject:* International legal assistance when asylum-seekers are transferred from one country to another

The Netherlands bar association and the Standing Committee of experts in international aliens, refugee and criminal law in the Netherlands are calling for rules to ensure that if an asylum-seeker is transferred, pursuant to