



Union of Industrial and Employers' Confederations of Europe
Union des Confédérations de l'Industrie et des Employeurs d'Europe

DFH/DI/vb/1.5.1.C.1

Ambassador Extraordinary and Plenipotentiary
Permanent Representative of to the European Union

23 November 1998

Dear Ambassador,

Value Added Tax work programme

UNICE notes with some concern the general lack of progress of work at Council level regarding both simplification of the current transitional VAT regime and design of a common definitive system. As a result many of the deficiencies identified in the transitional regime remain and can still represent a significant barrier to business operating across the EU, particularly for small and medium-sized enterprises.

This situation is not satisfactory for European enterprises and is difficult to reconcile with the priority that has been given to business simplification and facilitation initiatives by recent European Council meetings.

Specifically the Ecofin Council may discuss at one of its next meetings the European Commission's proposal to change the role of the VAT Committee into a regulatory committee. Business attaches great importance to resolving difficulties caused by the uneven application and interpretation by Member States of the existing VAT Directives. UNICE's reaction to the Commission's proposal is attached for your information (UNICE - 12 January 1998).

In addition, UNICE would like to draw attention also to the need for progress on simplification of the system for recovery of foreign VAT - a central recommendation of the "SLIM/VAT" report. UNICE's initial reaction to the recent Commission proposal on this issue is attached for your information (UNICE - 20 November 1998).

Thank you for the attention you may give to UNICE's views on these important matters for European business.

Yours sincerely,

Dirk F. Hudig
Secretary General