



THE SECRETARY GENERAL

Ms Christine Lagarde
Minister for the Economy, Finance and
Employment
139, rue de Bercy
75572 Paris
France

Brussels, 27 August 2008

Dear Minister,

The different interpretations and options within Member States regarding the taxation of financial and insurance services are a major source of legal uncertainty and fragmentation of the Internal Market.

BUSINESSEUROPE strongly supports the Commission's proposal for a revision of the rules and regulations governing the exemption from value-added taxation of financial and insurance services with the objective of clarifying and updating the legal environment in which these services are being provided. To achieve the declared aim of increasing legal certainty, cutting administrative burdens and reducing the impact of hidden VAT in the costs of providers of financial and insurance services, it is crucial to adopt a common approach and to ensure uniform implementation across the EU.

BUSINESSEUROPE urges the French Presidency to push for the proposal to be adopted in a single package, including the definitions, option to tax and cost-sharing arrangements. Splitting the proposal up as postulated in recent discussions would be counterproductive to the objectives of the Lisbon agenda and would send the wrong signal for further promotion of the European Internal Market.

The competitiveness of Europe's industry, which is a key driver for growth in the Internal Market, depends on a competitive European financial market.

Please find attached our detailed position on this issue.

Yours sincerely,

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Philippe de Buck