ECO/100
Extended application of
reduced VAT rates

Brussels, 24 October 2002

OPINION
of the
European Economic and Social Committee
on the
Proposal for a Council Directive amending Directive 77/388/EEC to extend the facility allowing Member States to apply reduced rates of VAT to certain labour-intensive services
(COM(2002) 525 final - 2002/0230 (CNS))

On 7 October 2002 the Council decided to consult the European Economic and Social Committee, under Article 93 of the Treaty establishing the European Community, on the

Proposal for a Council Directive amending Directive 77/388/EEC to extend the facility allowing Member States to apply reduced rates of VAT to certain labour-intensive services
(COM(2002) 525 final – 2002/0230 (CNS)).

Owing to the urgent nature of the opinion, the European Economic and Social Committee decided, at its 394th plenary session of 23 and 24 October 2002 (meeting of 24 October), to appoint **Mr Ladrille** rapporteur-general, and adopted the following opinion by 68 votes to two with no abstentions.

1. The Committee agrees with the Commission's proposal to extend by one year the period of validity of the authorisation granted to those Member States which have introduced the measure, to apply reduced VAT rates to certain labour-intensive services.

2. The Committee restates the view, expressed in its opinion of 26 May 1999[1], that the measure introduced by Directive 1999/85/EC[2], amending the 6th VAT Directive 77/388/EEC[3], provides a means of creating jobs and, at the same time, of more effectively combating the black economy.

3. The Committee calls upon the Member States to draw up assessment reports on the measure in good time, so that the European Parliament and Council can take a final decision on the VAT rate applicable to labour-intensive services.

Brussels, 24 October 2002.

The President
of the
European Economic and Social Committee

Roger Briesch

The Secretary-General
of the
European Economic and Social Committee

Patrick Venturini

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1 OJ C 209 of 22.7.1999, p.20.

2 OJ L 277 of 28.10.1999, p.34.

3 OJ L 145 of 13.6.1977, p.1.