

EU Tax News

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A bi-monthly review of EU taxation developments affecting business in the new Europe of 25 member states.

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Direct Tax

European Single Tax Base

Laws to create a single European corporate tax base will be presented within the term of office of the current European Commission.

Laszlo Kovacs, Commissioner for Taxation and Customs, expects to table his ideas early in 2006. He says legislation for a Common Consolidated Tax Base will be put forward for decision within three or four years – i.e., before the end of his mandate in 2009. Mr Kovacs' plan for a single tax base for the calculation of corporate tax was originally promoted by France and Germany, and is in line with the ideas of his predecessor, Frits Bolkestein.

However, five EU countries, including the UK and Ireland, have significant objections to the principle of EU involvement in direct tax harmonisation. Also opposed are the Czech Republic, Estonia and Slovakia, which have low corporate tax rates.

The Internal Market Commissioner Charlie McCreevy argues that tax competition between member states

is healthy in that it keeps pressure on governments to watch their domestic spending and keep their tax regimes internationally competitive. He points out that low taxes tend to produce higher revenues because of the encouragement given to business enterprise. He has also stressed the many technical difficulties in agreeing a common tax base, notwithstanding the common accounting standards now applying across the EU.

Commissioner Kovacs says the best way to proceed is on a voluntary basis using an EU procedure known as enhanced co-operation, in other words to move ahead with a "pioneer group" of the other 20 members. The Commission remains opposed to the harmonisation of tax rates. However, a single EU-wide set of rules for company tax purposes would eliminate most of the problems, such as double taxation, that companies currently face when they do business across borders and would also lead to a substantial reduction in compliance costs. The single base would also address the problem raised by the European Court of Justice in the *Marks & Spencer* case, which opened the way for the right to offset losses in overseas subsidiaries against profits in the UK.

In a hearing held in October, the European Parliament has expressed its broad and strong support for the proposals of the Commission. A single corporate tax base is seen as essential for the removal of tax obstacles such as cross-border compensation for losses, setting transfer prices for tax purposes, merger & acquisition and restructuring operations, and the payment of dividends between associated companies.

French Tax Consolidation

Recent French court decisions have challenged the compatibility of the rule on group tax consolidation with EU laws on freedom of establishment.

Under Article 223A of the French Tax Code, a company is not eligible for the tax consolidation regime unless 95% of its shares are held by the parent company, either directly or through other companies included in the tax-consolidated group. Because a foreign company may not be part of a tax-consolidated group, its French subsidiary may not be consolidated – unless the foreign company has a permanent establishment (PE) in France and the shares of the French companies are included in the PE's assets.

When asked if this restriction is compatible with the freedom of establishment principle set out in Article 43 of the EC Treaty, the Paris Administrative Court of Appeal decided that:

- Article 223 creates an unequal tax treatment for the subsidiaries based on the location of their parent company, which constitutes a restriction to the freedom of establishment principle;
- however, this restriction is justified by the need to maintain the coherence of the French tax consolidation system because, if a company that is not subject to the same rules were interposed between members of a tax-consolidated group, their results could not be aggregated.

Ernst & Young's tax experts believe that the reasoning of the court is unconvincing. The French tax consolidation regime does not require a true aggregation of the results of the group members as an accounting consolidation would. The tax consolidation rules say each member of the group continues to determine its own results, and the interposition of a foreign company would not interfere with this determination. Moreover, the tax consequences of intragroup operations are corrected by various mechanisms already in place. Finally, flows between group companies and minority shareholders are

not aggregated. These arguments tend to demonstrate that a complete aggregation of the results is not required.

The tax consolidation rules could, therefore, be applied to French companies held by the parent company through foreign companies. The only negative effect would be for the group to bear tax costs because the consequences of transactions between the foreign company and the group members would not be neutralised. Thus, the modification of Article 223A would not require a complete change of the French tax consolidation regime.

Following this reasoning and contrary to the court's opinion, the coherence of the French tax consolidation regime does not appear to clearly justify the restriction to the freedom of establishment principle set up by Article 223A. The court's decision has been appealed to the French Administrative Supreme Court of Appeal and is, therefore, not definitive.

Taxation Trends in Member States

Eurostat has published an in-depth analysis of the main trends in tax policy in the 25 member states (EU-25).

The Eurostat report covers not only traditional income and consumption taxes but also newer instruments such as environmental taxes. It contains both country-by-country information and an analysis of EU-wide trends since 1995. The publication compares EU member states' overall tax burdens, implicit tax rates, and statutory rates of personal income tax and corporate tax.

According to the report, the overall tax burden, i.e., the total amount of taxes and social security contributions in the EU-25, stood at 40.3% of GDP in 2003. The total tax burden varied significantly between member states, ranging from 28.5% in Lithuania to 50.8% in Sweden. There were also significant differences between member states in the levels of the implicit tax rate on labour, for which the average in the EU-25 was 35.9% in 2003. The top tax rates on personal income (average 41.1%) and corporate income (average 26.3%) also varied widely.

The average implicit tax rate on capital increased steadily from 23.2% in 1995 to 27.8% in 1999, then fell to reach 25.4% in 2003. The increase occurred against a background of falling statutory corporate tax rates and simultaneous base broadening measures. However, an important part of the increase can be

attributed to cyclical factors, i.e., economic expansion up to 2000, and the slowing down since then. The average statutory corporate tax for the old EU-15 fell from 35.3% in 2000 to 30.1% in 2005. Over the same period, the same average for the 10 new member states fell from 27.4% to 20.6%.

Tax structures differ widely. However, there has been a slight tendency towards convergence of tax structures in recent years as member states' implicit tax rates on consumption, labour and capital tended to move towards the EU average. Generally, the new member states display a substantially lower share of direct taxes on total revenues compared to the old EU-15 countries. In 2003, the difference between the EU-15 and the new member states (arithmetical) averages was about 9 percentage points. However, the lower share of direct taxes in the new member states is counterbalanced by higher reliance on social contributions.

Taxation and the Lisbon Objectives

A Communication of 25 October 2005 outlines the contribution of taxation and customs policies to the Lisbon strategy.

The Commission has proposed a new start for the Lisbon strategy, with the focus on growth and jobs, in order to make Europe a more attractive place in which to invest and work, to promote knowledge and innovation, and to shape policies that allow European businesses to create more and better jobs. Taxation and customs policies have a significant role to play in the attainment of these objectives by raising the efficiency of economies and the competitiveness of European companies. They can also generate more competition, boost trade and support knowledge and innovation.

The Communication sets out both ongoing and planned customs and tax measures for improving European and national legislation. Pending the introduction of a common tax base (see article on page 1), the Commission identified cross-border loss relief, transfer pricing and capital duty as areas of tax policy requiring attention.

- *Cross-border loss relief:* Following the withdrawal of a 1990 proposal for a directive dealing with this issue, the Commission has commenced technical discussions with member states in the light of the European Court of Justice case C-446/03 (*Marks & Spencer*).

- The management of *transfer pricing* is a considerable source of additional compliance costs for EU companies. In 2002 the Commission established the EU Joint Transfer Pricing Forum in order to find pragmatic, non-legislative solutions to transfer pricing problems in the EU. In 2004 the Council agreed a Code of Conduct for the effective implementation of an Arbitration Convention. On 10 November the Commission proposed a Code of Conduct on a common approach to transfer pricing documentation for associated enterprises in the EU. Work is also progressing on alternative procedures for the avoidance and elimination of tax disputes.

- The Commission argues that certain indirect taxes such as *capital duty* should be abolished, as they are particularly damaging in connection with restructuring operations and the development of EU companies. Capital taxes are also disadvantageous for companies starting up and for companies increasing their capital. In recent years, the European trend has been towards elimination of capital duty. This duty is currently levied by just 10 of the 25 member states and, from next year, only 8 member states will continue to apply it.

With such developments in mind, the Commission services are now preparing a proposal for a recast of the Capital Duty Directive before the end of 2006. The revised directive will aim to simplify and modernise the legislation and provide for a phasing out of capital duty in order to support the development of EU companies.

Relatively heavy taxation on labour has been a disincentive to the creation of jobs, especially in low-skill areas. But broadening the tax base by getting more people in work is still the most effective way for governments to raise revenues without raising tax rates. Specific taxation measures are planned to contribute to raising employment and promoting socially inclusive economies. A shift from labour taxes to consumption and/or pollution taxes could also help as part of a broader strategy to increase employment levels.

The Commission has also pledged to fight counterfeiting and tax fraud. Furthermore, it will prepare in 2006 initiatives to encourage investment in research & development and to facilitate innovation and sustainable use of resources. ■

Recent Developments in the Netherlands

Executive Summary

Following the referral to the European Court of Justice (ECJ) in the French *Denkavit* case and the *Fokus Bank* decision of the EFTA Court, the Dutch High Court of Den Bosch has ruled that Dutch dividend withholding tax on dividends distributed by a Dutch-resident company to a Luxembourg-resident minority (2.25%) shareholder violates the free movement of capital. In a similar case, the Dutch High Court of Amsterdam decided to refer this question to the ECJ.

On 29 April 2005 the Dutch Government published a policy paper containing proposals to reform the Dutch corporate tax law. The reform should take effect as of 1 January 2007. The plan is part of the Dutch Government's ongoing efforts to improve the Dutch investment climate while complying with EU law. Some elements of the policy paper have been included in the 2006 Tax Plan of the Ministry of Finance.

Dividend Withholding Tax on Outbound Dividends

Dutch High Court of Den Bosch, 9 September 2005

This case concerned a Luxembourg-resident company (SARL) with a 2.25% interest in a Dutch resident company (NV) from which it received dividends in the years 2001 and 2003. These dividends were subject to 25% Dutch dividend withholding tax. Given the minority interest, the EU Parent-Subsidiary Directive was not applicable. Under the terms of the Luxembourg-Netherlands Tax Treaty, the regular Dutch dividend withholding tax rate was reduced to 15%. The dividends were tax-exempt at the SARL level under the Luxembourg participation exemption. Further, it was clear that, if the receiving entity had been a Dutch resident company instead of a Luxembourg resident company, an exemption from Dutch dividend withholding tax would have been available based on domestic dividend withholding tax rules.

The Dutch High Court concluded that the position of the SARL in this case is comparable to that of a (hypothetical)

minority shareholder resident in the Netherlands; the SARL effectively pays 15% more dividend withholding tax on the gross amount than a Dutch beneficiary would pay in a comparable situation. As a consequence, the Dutch High Court concluded that the dividend withholding tax on the dividend distributions from NV to SARL constitutes a restriction of the free movement of capital. Neither the principle of territoriality nor the need to maintain the coherence of the

Dutch tax system was sufficient to justify the restriction of the free movement of capital in the case at hand.

Dutch High Court of Amsterdam, 21 October 2005

This case concerned a corporate Portuguese minority shareholder (14%) of a Dutch resident company, from which dividends were received which were subject to the statutory Dutch withholding tax rate of 25%. In this case, it was also clear that if the receiving entity had been a Dutch resident company, instead of a Portuguese one, an exemption from Dutch dividend withholding tax would have been available.

The Dutch High Court strongly doubted whether Dutch dividend withholding tax on "outbound" dividends to EU resident minority shareholders violates article 56 of the EC Treaty. Although in this case a distinction in treatment existed between Dutch resident shareholders (who are fully subject to Dutch corporate income tax) and non-resident shareholders, the Dutch High Court considered that this distinction can be justified based on article 58 of the EC Treaty and the need to maintain the coherence of the Dutch tax system. However, given the *Fokus Bank* case, in which the EFTA Court considered that, in determining whether an imputation credit should be applied, Norway may not treat Norwegian dividends received by foreign shareholders differently from such dividends received by domestic shareholders, the Dutch High Court decided that a referral to the ECJ was necessary.

Implications

The Dutch High Court cases are relevant for all situations in which dividends are distributed by a Dutch resident company to a shareholder resident within the EU. Because the free movement of capital also applies to situations in which



dividends are distributed to non-EU countries, the Dutch High Court case is also relevant in these situations, although the application of Article 56 (and 57) of the EC Treaty is more complex in connection with non-EU countries. Although a decision of the Dutch High Court is clearly not binding on other EU member states, it serves as a reminder that there are a number of dividend withholding tax regimes throughout Europe that do not appear to be compatible with EC Treaty obligations.

Plans for Tax Reform 2007

Participation exemption

Currently, the participation exemption is applicable to a shareholding in a company, provided, among other requirements, that the Dutch taxpayer holds at least 5% of the shares in the company and, in the case of a foreign company:

- the shares are not held as a portfolio investment; and
- the foreign company is subject to a tax on its profits in its country of residence.

Under certain circumstances a shareholding of less than 5% may also be regarded as a qualifying participation.

Further, within the EU, owing to the implementation of the Parent-Subsidiary Directive, the non-portfolio investment requirement was already set aside, provided certain other requirements were met. Under the proposal, a completely new system is introduced. The participation exemption would apply provided:

- the Dutch taxpayer holds at least 5% of the shares in the company; and,
- where the company has a passive character, it is subject to a reasonable level of taxation.

Based on ECJ case law, such as *Eurowings* (C-294/97), we doubt whether the reasonable tax requirement is in line with the fundamental freedoms of the EC Treaty.

Cross-border fiscal unity

On 7 April 2005 the opinion of the Advocate General in the *Marks & Spencer* case was issued (C-446/03). He concluded that the UK group relief rules, to the extent they disallow cross-border relief within the EU, are contrary to Articles 43 and 48 of the EC Treaty (see *EU Tax News May/June*

2005). Foreign subsidiaries without a taxable presence in the Netherlands cannot be joined in a "Dutch fiscal unity". As a result, losses realised by foreign subsidiaries cannot be offset against taxable profits of the Dutch fiscal unity. Losses of a permanent establishment can be offset against Dutch taxable income. Without awaiting the decision of the ECJ in the *Marks & Spencer* case, the Ministry of Finance suggested an adjustment to the existing rules allowing EU cross-border loss utilisation and allowing EU subsidiaries to be joined in a Dutch fiscal unity. Strict criteria were proposed.

Inter-company interest boxes

Consideration is being given to introducing a "box" system for inter-company interest. The interest box would tax income derived from group loans at a low flat rate (10%). This rate would only apply to the excess of interest received and interest paid. The main question is whether an interest box system could be considered as state aid or as harmful under the European Code of Conduct for corporate income taxes. The Dutch Ministry of Finance stated that the new system will be presented to the EU before introduction.

Mitigating measures

Together with the above-mentioned reforms, the following mitigating measures were proposed:

- limitation of depreciation on buildings;
- abolition of the liquidation loss facility for qualifying (foreign) participations;
- limitation of loss carry back (1 year) and loss carry forward (8 years);
- abolition of the temporary write-down facility on qualifying participations as of 1 January 2006. This has been confirmed in the proposed 2006 Tax Plan, with effect from 1 January 2006.

Dutch capital duty and corporate income tax rate

Capital duty is abolished with effect from 1 January 2006. As of the same date, the rate of corporate income tax is reduced to 29.6%. A further reduction to 26.9% has been announced in the 2007 Tax Reform.

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Indirect Tax

Overview of VAT Policies

The 25 October 2005 Communication outlines the Lisbon strategy regarding the EU indirect tax environment.

Cross-border economic activities in the EU are confronted with a number of measures in the VAT system, which are cumbersome and act as barriers to trade and investment. According to the European Tax Survey, 14% of SMEs and 10% of large companies have not carried out economic activities subject to VAT in member states where they do not have permanent establishments, solely because of VAT compliance requirements. Besides measures already reported, the following policies are worth mentioning.

- The concept of "home state taxation" has been identified as a possible solution. It would apply the internal market approach of mutual recognition to the corporate tax treatment of SMEs. Qualifying companies would apply the corporate tax rules of their residence state to subsidiaries and permanent establishments in other participating member states. The Commission intends to present a Communication on this issue before the end of 2005.
- The VAT rules on financial services, dating from 1977, provide a general exemption for that sector. VAT paid by financial institutions on their inputs is, in general, not deductible and thus becomes a final cost for financial institutions. A cascade effect is created with the result that the cost of services to business clients is increased. This exemption system is fundamentally inefficient and is also at odds with the Financial Services Action Plan. The Commission intends to present a legislative proposal to adapt these rules to the evolution of the single financial market.
- The rules governing exemption of services in the public interest and the exclusion of public bodies from the scope of the application of VAT will also need modernising because of liberalisation processes and the fact that broad areas of public services have been partially or totally privatised. The Commission plans a proposal by the end of 2006 to re-establish a level playing field in certain activities in which both public and private entities are involved.
- Based on the "better regulation" initiative, the Commission has proposed a recast of the 6th VAT Directive in order to provide clear EU-level rules for traders doing business in the EU. It is planned for Council adoption by the end of 2005.

- In 2004, the Council provided for the possibility of adopting measures to ensure the uniform implementation of existing VAT rules. The first Regulation proposed by the Commission under this new legal basis has recently been agreed by the Council. The Commission considers that a more extensive use of this possibility (i.e., to adopt binding secondary VAT legislation at Community level) would go a long way to eliminating the difficulties arising from lack of uniformity in the application of the EU's VAT system.
- Double taxation or a requirement for a trader to pay VAT on the same transaction in two different member states may be due to the fact that member states have different views of the nature of a particular supply. This different appreciation of facts can occur despite the member states concerned having identical VAT legislation. The Commission will, therefore, make a proposal by the end of 2005 for an EU mechanism to resolve or at least alleviate such situations of double taxation.

VAT: Software ECJ Judgement in the *Levob* Case

The European Court of Justice (ECJ) recently released its judgement in the Levob case.

The judgement in case C-41/01 *Levob Verzekeringen BV & OV Bank NV vs. Staatssecretaris van Financiën* involves the VAT treatment of software supplied by a US company to a business customer in the Netherlands. Under the agreement, the software licence was granted in the United States and Levob imported the data carriers into the Netherlands. However, the US vendor also agreed to adapt the basic software for the Dutch market. To do so, it installed both standard and customised software on Levob's computer system in the Netherlands and trained its staff.

The Court found that this arrangement involved a single supply and that the predominant element of the supply was the customisation service, based on its importance to the purchaser, and on its "extent, duration and cost". The Court also held that the service fell to be taxed under Article 9(2)(e) Sixth Directive and that VAT was, therefore, due in the Netherlands, under the reverse charge procedure.

The judgement confirms the basic distinction between "standard" (or "off the shelf") software, which is treated as "goods" for VAT purposes and "customised" (or "bespoke") software, which is treated as "services" for VAT purposes. However, the *Levob* case clarifies the treatment of standard software that is customised to meet the customer's specific

requirements. If the customisation is the predominant element of the supply, the whole supply is to be treated as services. In determining whether the customisation element predominates, it is necessary to consider the importance of the customisation to make the product useful for the purchaser's business, together with the "extent, duration and cost" of the customisation process.

EU companies that supply or purchase software cross-border should now consider the implications of the judgement in this case. In particular, they should determine whether they have correctly accounted for VAT in respect of past software transactions similar to those in the *Levob* case.

Customs: Overland Footwear Case

The ECJ has released its judgement in case C-468/03 Overland Footwear.

The case is significant for all importers since it deals with the possibility of retrospective correction of errors that result in the overpayment of customs duty. The main issue concerned what details the taxpayer could ask to have amended on the import entry after the goods had cleared customs. The taxpayer had inadvertently included "buying commission" in the value of its goods at importation and had been charged duty on this amount. After the goods had been cleared, the taxpayer sought to correct its mistake and to claim a refund of the overpaid duty. The UK customs authority (HMRC) maintained that the duty had been properly charged at the time of importation and was properly due. The authority refused the refund on this basis. HMRC said it was only obliged to accede to requests to correct arithmetical errors and mistakes in classification or quantities.

The ECJ agreed that the customs duty assessed at the time of import had been legally charged, because, at that time, the buying commission had not been separated out in the declaration. It was, therefore, properly part of the dutiable value. However, this did not mean that the error could not be corrected retrospectively. The Court held that duties legally charged due to lack of evidence did not become duties legally owed if the evidence necessary to amend the import valuation could be produced. It pointed out that the taxpayer had not chosen to pay duty on the value of the buying commission. Rather, the taxpayer had made an involuntary error in including the amount in the value of the goods at importation, and it now wished to correct that error. The ECJ said that

HMRC must consider the taxpayer's request to correct the import value, and either give a reasoned rejection or reimburse the money overpaid.

Customs: Neighbourhood Relations

Two recent developments illustrate the EU's approach to customs and cross-border co-operation as well as rules of origin for neighbouring countries.

In early October, the Commission and Ukraine organised in Kiev the first conference on customs and cross-border co-operation within the framework of New Neighbourhood Relations, a policy designed to improve relations with the EU's eastern and southern neighbours. It paved the way for enhanced co-operation between all customs administrations in the region, including Bulgaria, Romania, Turkey, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Russia and Ukraine.

The overall objective is for the customs administrations to contribute to developing trade in the European region in a safe and secure economic environment. Faced with current challenges, collaboration between all states of the region is crucial to ensure the promotion of customs-related trade facilitation issues, such as simplification, predictability and transparency of procedures, as well as fighting against large-scale trafficking and ensuring the security of the international trade supply chain.

In a second EU initiative, the Council of Ministers has approved the creation of a Pan-Euro-Mediterranean zone of cumulation of origin. The new rules will result in the creation of a free trade area between the European Union and 16 trade partners (Algeria, Bulgaria, Egypt, Faeroe Islands, Iceland, Israel, Jordan, Lebanon, Morocco, Norway, Romania, Syria, Switzerland, Tunisia, Turkey, West Bank and Gaza Strip). The agreement will make it easier for producers and traders within the zone to benefit from preferential customs tariffs. Cumulation of origin is an instrument that allows material to be sourced and manufactured in a number of countries without the finished product losing the benefit of preferential customs tariffs when it enters the EU.

The system has been successfully applied since 1997 between the EU and EFTA countries and those of central and eastern Europe and since 1999 with Turkey. The EU has already signed agreements with all Mediterranean countries concerned

Meilicke Case

The question raised in the *Meilicke* case (C-292/04) is whether the former German provision, under which only that corporation tax payable by a fully-taxable corporation or association could be set off against income tax, is compatible with the free movement of capital. On 10 November 2005, the Advocate General (AG) followed the court's decision in the *Manninen* case (C-319/02) and concluded that the former German imputation system was incompatible.

The German government had requested a temporal limitation either as of a specific point of time in the future or as of the date of the judgement. The AG stated that the German government must have been aware of the impact by the time of the ECJ's judgement in *Verkooijen* (6 June 2000). If the AG's Opinion is upheld, taxpayers who received dividends *on or after 6 June 2000* from non-resident corporations may claim the tax credit. The same applies to taxpayers who received dividends *before 6 June 2000* and either claimed a tax credit or appealed against a relevant rejection before the same date, or before the publication in the Official Journal for a preliminary ruling in the *Meilicke* case of 11 September 2004.

If the court follows the AG's Opinion, the message for taxpayers is that any decision to challenge a measure that potentially contravenes EU law should be taken at the earliest possible time. ■

and, therefore, the EU's participation in the scheme only requires the amendment of the rules of origin attached to these agreements. Following the Council's decision, the EU is now formally proposing to the partner countries the adoption of the new rules of origin.

Taxes on Air Travel

The European Commission has presented a plan for reducing air travel's growing contribution to climate change.

Aviation's share of overall EU greenhouse gas emissions is still modest at about 3%, but airplanes are an important and increasing source of greenhouse gas emissions. CO₂ emissions from domestic flights are subject to emission targets under the Kyoto Protocol, but international flights are not. The 6th Environmental Action Programme required the EU to take specific action to reduce greenhouse gas emissions from aviation if no measures were taken by the International Civil Aviation Organisation (ICAO) by 2002 at the latest. ICAO has not taken such action, but has endorsed the concept of emissions trading.

The Commission has stated, therefore, that the most promising way to tackle aviation emissions is to bring aircraft operators into the EU's Greenhouse Gas Emissions Trading Scheme (ETS). The ETS sets an overall cap on greenhouse gas emissions, within which participating operators can buy and sell

emission allowances as needed. This would create a permanent incentive for airlines to minimise their emissions.

Preliminary estimates based on modelling exercises suggest that the impact on ticket prices would be modest, ranging between zero and an increase of up to €9 per return flight. With an increase of this level, aviation demand would simply grow at a slightly slower rate than otherwise.

Reduced VAT Rates

Negotiations among member states have resumed on the topic of reduced rates of VAT.

The current UK Presidency has again put forward the compromise text that was proposed by the Luxembourg Presidency. The main reason for the time pressure is that the current EU agreement (based on Directive 1999/85/EC), which allows nine member states to continue to apply a reduced VAT rate of 5.5% for labour-intensive services, will expire on 31 December 2005. The absence of any agreement so far is causing concern in several industry sectors and member state governments.

Work continues in preparation of the 6 December 2005 meeting of Economics and Finance Ministers. ■

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