



EUROPEAN COMMISSION

*Brussels, 5.6.2018
C(2018) 3357 final*

Dear President,

The Commission would like to thank the Bundesrat for its Opinion on the proposal for a Council Directive amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises {COM(2018) 21 final}.

This proposal is part of a reform package, announced in the Value Added Tax Action Plan {COM (2016) 148 final}, adopted by the Commission on 7 April 2016, aiming at the creation of a robust single European value added tax area for which a simpler and fraud-proof definitive value added tax system for intra-Union trade will be set up. The main objectives of the proposal on the special scheme for small enterprises are to reduce their compliance costs, to provide a more level playing field for them and to facilitate value added tax compliance for these enterprises and monitoring for tax administrations.

The Commission welcomes the Bundesrat's broad support for the aims of the proposal and takes note of the view of the Bundesrat that the current level of the maximum national exemption threshold and of the Union annual turnover threshold may have distortive effects on competition. The Commission points out in this context that on the basis of the proposal, the exemption of value added tax for small enterprises would be optional for Member States. Moreover, the Commission draws the Bundesrat's attention to the fact that the proposal does not set any harmonised national exemption threshold, but merely the common maximum exemption threshold for the Member States that adopt the exemption. The latter will remain free to adapt the level of the national exemption threshold to the needs of their economy.

In addition, the Commission has duly taken note of the Bundesrat's concerns regarding the simplification measures for small enterprises. The Commission recognises the need to balance the support to small enterprises with the requirements of fiscal control. The Commission confirms its full commitment to the fight against value added tax fraud.

*Mr Michael MÜLLER
President of the Bundesrat
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The proposal is currently being discussed within the legislative process involving both the European Parliament and the Council. The Bundesrat's Opinion has been made available to the Commission's representatives in the ongoing negotiations and will inform these discussions.

The Commission looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Pierre Moscovici
Member of the Commission*