



EUROPEAN COMMISSION

*Brussels,
C(2014) 4998 final*

Dear President,

The Commission thanks the Senato della Repubblica for its Opinion concerning the proposal on the standard VAT return {COM(2013) 721 final} and for its support for the proposal's objectives.

The Senato della Repubblica concluded that the proposal complies with the principles of subsidiarity and proportionality, as laid down in Article 5 of the Treaty on European Union. The Commission would refer the Senato della Repubblica to the analysis contained in the Impact Assessment (SWD(2013) 427 final) it conducted on the proposal. The Impact Assessment indicated that the national regulations on VAT obligations create major obstacles for cross-border trade that cannot be removed by national measures, and that harmonisation at EU level is required.

The Commission therefore fully agrees with the reasoning and the conclusion of the Senato della Repubblica as regards the subsidiarity and proportionality principles.

The Senato della Repubblica considers that the abolition of advance payments will have substantial negative consequences for the Italian budget. The Commission has taken careful note of the opinion of the Senato della Repubblica on this point and would point out that this question is being discussed in the Council.

The Senato della Repubblica fears that the national systems will have to undergo major changes to accommodate the new VAT return form. The Commission has taken this point into account and would inform the Senato della Repubblica that the Commission has proposed a sufficient transitional period for the Member States to fully prepare their national systems.

Furthermore, the Senato della Repubblica considers this proposal as a step towards a more fundamental review of consumption taxes in order to ease burdens on SMEs. In that regard, the Commission is currently working on the preparation of a major initiative on a VAT definitive regime aimed at reducing obstacles to cross-border trade and safeguard Member States' VAT revenues.

*Mr Pietro GRASSO
President of the
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The points made above are based on the initial proposal presented by the Commission which is currently in the legislative process involving both the European Parliament and the Council at which your government is represented.

The Commission hopes that these clarifications address the comments raised by the Senato della Repubblica and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*