



EUROPEAN COMMISSION

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Dear Chairman,

The Commission would like to thank the Kamra tad-Deputati 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 rates of value added tax {COM(2018) 20 final}.

This proposal constitutes 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, the aim of which is to create a robust single European VAT area for which a simpler and fraud-proof definitive VAT system for intra-Union trade will be set up. The main objectives of the proposal on VAT rates are to grant Member States more flexibility in setting VAT rates and to establish equal treatment between Member States.

The Commission agrees that any revisions to the rules on VAT rates should improve legal certainty and not bring more complexity or result in increased costs for businesses. It takes note of the request that the proposal should allow Member States to maintain all currently existing and legally applied reduced rates, including derogations and the reduced rate for the importation of works of art, collectors' items and antiques. Furthermore, the Commission takes seriously the reservations expressed concerning the limit of 12% for the weighted average VAT rate not providing flexibility, especially in times of crisis.

The Commission hopes that these clarifications address the issues raised by the Kamra tad-Deputati and looks forward to continuing the political dialogue in the future.

Yours faithfully,

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Vice-President

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