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COUNCIL DECISION

of 28 February 2000

authorising Member States to apply a reduced rate of VAT to certain labour-intensive services in accordance with the procedure provided for in Article 28(6) of Directive 77/388/EEC

(2000/185/EC)

(OJ L 59, 4.3.2000, p. 10)

Amended by:

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►**M2**	Council Decision of 10 February 2004	L 52	62	21.2.2004

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►**C1** Corrigendum, OJ L 91, 30.3.2004, p. 60 (2004/161/EC)

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COUNCIL DECISION

of 28 February 2000

authorising Member States to apply a reduced rate of VAT to certain labour-intensive services in accordance with the procedure provided for in Article 28(6) of Directive 77/388/EEC

(2000/185/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes — common system of value added tax: uniform basis of assessment [1], and in particular Article 28(6) thereof,

Having regard to the proposal from the Commission,

Whereas:

(1) Under Article 28(6) of Directive 77/388/EEC, the Council, acting unanimously on a proposal from the Commission, may authorise any Member State that has submitted an application in accordance with the procedure and conditions provided for in that Article, to apply a reduced rate of VAT to certain labour-intensive services.

(2) The services concerned must meet the conditions provided for in the Directive and be included in the list in Annex K to the Directive.

(3) This is an experiment limited to a maximum period of three years running from 1 January 2000 to 31 December 2002.

(4) However, the introduction of such a targeted reduction in the VAT rate entails some risk to the proper operation of the internal market and tax neutrality; provision should therefore be made for an authorisation period for a full and clearly defined three-year period, for the measure to be on an optional basis for Member States, and for its scope to be made subject to strict conditions so that it remains verifiable and limited.

(5) In view of the experimental nature of the measure, a detailed assessment of its impact in terms of job creation and efficiency should be carried out by the Member States which implement it and by the Commission.

(6) The Member States that have submitted an application have complied with the procedure and conditions set out in Directive 77/388/EEC.

(7) Three Member States, France, Luxembourg and the Netherlands have applied for authorisation to apply a reduced rated of VAT exceptionally to a third category of the services listed in Annex K; in each case the reduction in rate in the third of the sectors selected can have only an insignificant economic impact.

(8) The United Kingdom has applied for authorisation to apply a reduced rate of VAT to dwelling-related services only in the Isle of Man; in the light of the specific territorial rules governing the status of the Isle of Man, including Article 299(6)(c) of the Treaty, the Treaty on the accession of the United Kingdom and Article 3(4) of Directive 77/388/EEC, and in the light of the fact that the rules on the location of such services will ensure that they are taxed where the dwelling is located, applying a reduced rate of VAT carries no risk of distortion of competition; however, restricting the reduced rate to the Isle of Man is something which can be authorised only as an exceptional measure. In

[1] OJ L 145, 13.6.1977, p. 1. Directive as last amended by Directive 1999/85/EEC (OJ L 277, 28.10.1999, p. 34).

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relation to other territories of Member States where the Treaty and Directive 77/388/EEC are fully applicable, such a step could not be taken without jeopardising the principle of applying uniform rates in a single Member State.

(9) The other Member States have been informed about the applications for authorisation.

(10) This Decision will have no impact on the Communities' own resources derived from VAT,

HAS ADOPTED THIS DECISION:

Article 1

In accordance with Article 28(6) of Directive 77/388/EEC, the following Member States are hereby authorised to apply the reduced rates provided for in the third subparagraph of Article 12(3)(a) for a maximum of ►**M2** six years running from 1 January 2000 to 31 December 2005 ◄ to the services for which they have submitted applications in accordance with the required procedure, and which are listed under their names below:

1. the Kingdom of Belgium for the sectors listed at points 1 and 2 of Annex K to Directive 77/388/EEC:
   - small services for repairing:
     (a) bicycles;
     (b) shoes and leather goods;
     (c) clothing and household linen (including mending and alteration),
   - renovation and repairing of private dwellings more than five years old, excluding materials which form a significant part of the value of the supply;
2. the Hellenic Republic for the sectors listed at point 1, last indent, and point 4 of Annex K to Directive 77/388/EEC:
   - repairing of clothing and household linen (including mending and alteration),
   - domestic care services;
3. the Kingdom of Spain for the sectors listed at points 2 and 5 of Annex K to Directive 77/388/EEC:
   - bricklaying for the repair of private dwellings excluding materials which form a significant part of the value of the supply,
   - hairdressing;
4. the French Republic for the sectors listed at points 2, 3 and 4 of Annex K to Directive 77/388/EEC:
   - renovation and repairing of private dwellings completed more than two years ago, excluding materials which form a significant part of the value of the supply,
   - domestic care services,
   - window cleaning and cleaning in private households;
5. the Italian Republic for the sectors listed at points 2 and 4 of Annex K to Directive 77/388/EEC:
   - renovation and repairing of private dwellings excluding materials which form a significant part of the value of the supply,
   - domestic care services;
6. the Grand Duchy of Luxembourg for the sectors listed at points 1, 3 and 5 of Annex K to Directive 77/388/EEC:
   - small services for repairing:
     (a) bicycles;
     (b) shoes and leather goods;

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(c) clothing and household linen (including mending and alteration),

— hairdressing,

— window cleaning and cleaning in private households;

7. the Kingdom of the Netherlands for the sectors listed at points 1, 2 and 5 of Annex K to Directive 77/388/EEC:

— small services for repairing:

(a) bicycles;

(b) shoes and leather goods;

(c) clothing and household linen (including mending and alteration),

— hairdressing,

— painting and plastering services for the renovation and repairing of private dwellings more than 15 years old, excluding materials which form a significant part of the value of the supply;

8. the Portuguese Republic for the sectors listed at points 2 and 4 of Annex K to Directive 77/388/EEC:

— renovation and repairing of private dwellings, excluding materials which form a significant part of the value of the supply,

— domestic care services;

9. the United Kingdom for one sector, referred to in point 2 of Annex K to Directive 77/388/EEC, but for the Isle of Man only:

— renovation and repairing of private dwellings, excluding materials which form a significant part of the value of the supply.

Article 2

Before 1 October 2002 each of the Member States listed in Article 1 shall draw up a detailed report containing an overall assessment of the measure's effectiveness in terms of job creation and efficiency and forward it to the Commission.

Article 3

This Decision shall take effect on the day of its publication in the *Official Journal of the European Communities*.

It shall apply from 1 January 2000 to ►**M2** 31 December 2005 ◄.

Article 4

This Decision is addressed to the Member States referred to in Article 1.