



HEADLINES

EU/ VAT : Reduced VAT rate on goods and services raises controversies

In an attempt of rationalising the value-added taxes (VAT) across the EU, the European Commission unveiled on 16th July a list a product that are eligible for lower rates of VAT. This would allow Member States to apply reduced rates, as long as it complies with the Single Market. The list includes services and goods such as restaurants food, audiovisual services (but not compact discs and records), gas and electricity supplies, and building renovation, services delivered to homes and equipments for handicapped.

Whereas France welcomed the decision as political victory, other countries such as Britain and Ireland were displeased because the list for reduced VAT rate does not include children's clothing and shoes. This would indeed remove zero rates applied in these countries to children's clothes and shoes. Commissioner Bolkestein warned that lowering the VAT on restaurant could represent significant losses of revenues for governments.

The issue, which must be unanimously approved by all EU governments, will be on the agenda at the informal meeting of EU finances ministers in September.

More info:

http://www.europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/03/1024|0|RAPID&lg=EN&display=

FAQ on reduced VAT:

http://www.europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=MEMO/03/149|0|RAPID&lg=EN&display=

EU / Taxation: Harmful tax schemes in new entrants could frustrate EU internal market

In a recent report to EU governments, the European Commission argues that harmful tax schemes are widespread throughout the new entrants, except in Estonia and Latvia. The report stresses the lack of transparency in Poland and Lithuania's low tax "special economic zones", and schemes in Malta allowing tax breaks for "international companies". It identifies 1 harmful tax measure in the Czech republic and in Slovenia, 2 in Poland and Hungary, 3 in Lithuania, 5 in Slovakia. Cyprus (9) and Malta (7) rank at the top of the list. The Commission asks the Member States to establish a definitive list of such harmful tax measures to enable the new entrants to take appropriate measures to eliminate them before accession.

EU/ Basel II: Third working Paper on a new capital requirements framework for banks and investments firms – Consultation open until 22nd October 2003

The European Commission has published its latest study on a new capital requirements framework for banks and investment firms, which should replace the existing directive in 2006. The third Quantitative Impact Study (QIS3) provides a progress report on the Commission's plans to update the

ESBA Bulletin of 28 July 2003 – Volume 5 – Number 17

new rules governing capital requirements in the EU. These new rules are to be defined in coordination with the work of the Basel Committee on Banking supervision.

The underlying idea is to ensure that investors have enough liquidity to cover their risks, and to improve risk sensitivity. According to the QIS3, smaller banks would have to face lower charges under the new rules, and capital charges for loans to SMEs would be lower. The Commission is expected to unveil a first proposal early in 2004. The consultation is open until 22nd October 2003.

Access the paper:

http://www.europa.eu.int/comm/internal_market/en/finances/capitaladequacy/index.htm

For more information on SMEs and Basel II, you can also have access to the report of the workshop organised by SME-Unions on 10th July "Basel II and consequences for SMEs":

<http://www.sme-diary.org/news.php?LAN=en&ID=62&ARCH=0>

EU / Piracy: Adoption of a new regulation to strengthen customs action

The EU Council of Ministers adopted on 21st July a regulation to combat counterfeiting and piracy. The regulation, which will replace the existing regulation (3295/94/EC), defines the conditions under which the customs authorities may intervene where goods are suspected of infringing intellectual property rights. The main goal of this new piece of regulation is to provide greater legal clarity, extend its scope to new intellectual property rights and make the rules more accessible for right holders. It will enter into force on 1st July 2004.

More info:

http://www.europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/03/1059|0|RAPID&lg=EN&display=

EU / Research: Brain drain must be stopped – Measures to improve researcher's careers

The European Commission unveiled on 18th July a package of measures aimed at improving the image of researchers in the EU, in order to stop the exodus of young researchers. Recommended actions include a "European researcher's Charter", a "Code of conduct for the recruitment of researchers", a common way of evaluating researcher's skills, advanced training tools, access to adequate funding and minimum social security benefits for PhD students.

According to EU sources, around 400,000 researchers have decided to work in the US within the past ten years. In this context, one of the most striking aspects is that EU produces more sciences graduates (PhDs) than the US, but has fewer researchers (5.36 per thousand of the working population, against 8.66 in the USA and 9.72 in Japan). The Commission also highlighted the need for more mobility between universities and the private sector.

More info:

http://www.europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/03/1051|0|RAPID&lg=EN&display=

EU / Company law: New Statute for a European Co-operative Society

Twelve years after the Commission's first proposal, the Council has adopted on 22nd July the Statute for a European Co-operative Society - known by its Latin name of 'societas cooperativa europaea' or

ESBA Bulletin of 28 July 2003 – Volume 5 – Number 17

'SCE'. This instrument complements the European Company Statute (SE), adopted in October 2001, but is adapted to co-operative forms of business organisation.

It will enable 300,000 co-operative businesses to benefit from the freedoms of the single market. They will be able to operate throughout the EU as a single legal entity, with a single legal structure and set of rules. In addition, the instrument provides a legal instrument for companies of all types wishing to group together for their common benefit (i.e. access markets, economies of scale or development activities) It will also enable 5 or more European citizens from more than one Member State to create an SCE. The new Statute should be operational from 2006.

More info:

<http://europa.eu.int/comm/enterprise/entrepreneurship/coop/statutes/statutes-coop.htm>

EU / Computerised inventions: Parliament to vote in September on the patentability of computer-implemented inventions

The Legal Affairs Committee voted in June in 1st reading on the report by Arlene McCarthy (PES- UK) on new rules for the patentability of computer-implemented inventions (20 votes to 8 with 1 abstention). The aim is to bring software inventions into line with industrial developments. The proposal concerns not only computer software programs as such, but also devices like mobile phones, intelligent household appliances, machine tools and computer program related inventions.

According to the Committee's amendments, "computerised inventions" should have an industrial application. Other amendments aim to protect SMEs, through a monitoring of the impact of the new rules on SMEs. SMEs fear that the new rules impose a huge financial burden on small IT companies that would have to pay a license fee. The vote in plenary has been postponed, and the report will be on the agenda of the first plenary session of the EP in September.

More info:

<http://www2.europarl.eu.int/omk/sipade2? PUBREF=-//EP//TEXT+PRESS+NR-20030618-1+0+DOC+XML+V0//EN&LEVEL=2&NAV=S#SECTION3>

IN BRIEF

EU / Entrepreneurship: Opinion of the Committee of the Regions on the Green Paper

In its opinion on the Green Paper on Entrepreneurship, the Committee of the Regions (CoR) regrets that the paper does not take enough account of the role of regional and local authorities in promoting entrepreneurship in Europe, and especially when it comes to cutting red tape and introducing tax relief. The CoR also calls for improving the relationship between local universities, research centres and enterprises.

More info:

http://opinions:OPI_2003@coropinions.cor.eu.int/CORopinionDocument.aspx?identifier=cdr\comm.pol.eco %2Bsoc2002-06\dossiers\ ecos-018\cdr82-2003_fin_ac.doc&language=EN

EU / Standardisation: Draft Communication on greener standards online for comments

On 27th July 2003, the European Commission has posted on its website a draft communication on how technical standards can help attain sustainable development aims. The deadline for comments

ESBA Bulletin of 28 July 2003 – Volume 5 – Number 17

is 5 September 2003. The communication "Integrating environmental aspects into standardisation" is expected to be published by the end of 2003. The draft concerns environmental thinking, priority-setting, stakeholder participation and the use of specific tools to help produce greener standards.

See the draft:

http://europa.eu.int/comm/environment/standardisation/index_en.htm

EU/ Social Affairs: Informal meeting on the harmonisation of social and pension policies

The EU ministers of employment and social affairs met informally on 13th July to discuss the harmonisation of social welfare policies, especially regarding pension schemes. Italian Social Affairs Minister Roberto Maroni underlined the goal to consider flexible procedures to coordinate policy rather than rigid measures. The ministers discussed the definition of a "welfare road map" aimed at ensuring dynamic interaction between economic, social and employment policies, and modernising retirements systems through common indicators, the as well as "labour market and undeclared employment policies".

More info:

http://www.ueitalia2003.it/EN/Notizie/Notizia_07102040504.htm

EU/ Qualifications: Towards a general system of recognition of professional qualifications

On 17th June, the Legal Affairs Committee voted in principle on the report by S. Zappala (EPP-ED, Italy) on the proposal by the Commission to clarify and simplify the rules in order to facilitate the free movement of qualified people. The Committee accepted the proposed directive to integrate into a single text all 7 sectoral directives governing mutual recognition. The professions concerned include general nurse, dental practitioner, veterinary surgeon, midwife, architect, pharmacist and doctor.

The Committee did not back the rapporteur's position, who believes the current system of sectoral directives has been successful and should remain intact. The proposal will be debated further in September (co-decision procedure).

More info:

http://wwwdb.euoparl.eu.int/oeil/oeil_ViewDNL.ProcedureView?lang=2&procid=5998

EU/ Internal Market: Commission proposes EU-wide network of national watchdogs

The Commission has adopted a proposal for a regulation to enable national enforcement authorities to take co-ordinated action against rogue traders who evade consumer protection by targeting consumers living in other EU countries to deceive them. The regulation seeks to remove existing barriers to information exchange. It will empower enforcement authorities to obtain action from their counterparts in other Member States. The proposal comes under the co-decision procedure and could enter into force in 2005.

More info:

http://www.europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/03/1067|0|RAPID&lg=EN&display=

EU/ Internet: Offensive against unsolicited emails

ESBA Bulletin of 28 July 2003 – Volume 5 – Number 17

Commissioner Liikanen recently called on EU government to "ban on spam" directive by the end of October this year, mainly through policing national web-using businesses and enforcing codes of conducts on email marketers. The directive of 2002 aims to ban all forms of email marketing, unless authorized by the recipients. The so-called "opt-in" scheme also covers SMS phone messaging and other types of e-communication and mobile phones.

More info:

http://www.europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/03/1015|0|RAPID&lg=EN&display=

EU / Taxation: consultation on the recast of the 6th VAT Directive

The European Commission's Taxation and Customs Directorate-General has launched on 25th July a consultation on the recast of the existing text of the 6th VAT Directive (77/388/EC), with the aims of codifying and clarifying the text. The consultation targets European enterprises, tax professionals and other stakeholders. Comments are invited by 26th September 2003.

More info:

http://europa.eu.int/comm/taxation_customs/taxation/consultations_en.htm