

COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION TO THE COUNCIL

on the transitional provisions applicable under the common system of VAT, submitted in accordance with Article 28 of the Sixth Council Directive of 17 May 1977

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So as to facilitate the move towards the final form of the common system of VAT, Article 28 of the Sixth Directive lays down a number of transitional provisions relating to:

I. Article 28(2)

1. maintenance of reduced rates and exemptions with refund of input tax (zero-rating);

II. Article 28(3)

1. the freedom to continue to tax transactions which will have to be exempt under the final arrangements;
2. the freedom to continue to exempt transactions which will have to be taxed under the final arrangements;
3. the freedom to maintain or grant the right to opt for taxation;
4. the freedom to derogate from the principle of immediate deduction;
5. the freedom to derogate from the arrangements whereby supplies are treated as taxable transactions and certain amounts received are not included in the taxable amount;
6. the freedom to take the difference between the selling price and the purchase price as the taxable amount for certain real property transactions;
7. the freedom to continue to exempt without repayment of input tax the services of travel agents.

These various provisions will each be examined in turn.

I - MAINTENANCE OF REDUCED RATES AND EXEMPTIONS WITH REFUND OF INPUT TAX
(Article 28(2))

Article 28(2) allows the Member States to maintain at the latest until fiscal frontiers between Member States are abolished "reduced rates and exemptions with refund of the tax paid at the preceding stage which are in force on 31 December 1975, and which satisfy the conditions stated in the last indent of Article 17 of the Second Council Directive of 11 April 1967".

This reference to the Second Directive means that such rates may be

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maintained "for clearly defined social reasons and for the benefit of the final consumer" and "where the total incidence of such measures does not exceed that of the reliefs applied under the present system".

With regard to reduced rates, if one supposes (a necessarily arbitrary assumption) that only rates of less than 5% may entail refund of input tax, it is evident that, on 31 December 1975, only Luxembourg and the Netherlands had made use of this derogation.

Reduced rates of less than 5% were subsequently introduced in Italy; the Commission has to verify whether they comply with the basic rules laid down in the Sixth Directive, under which each reduced rate must be so fixed that the amount of value added tax resulting from the application thereof is such as in the normal way to permit the deduction therefrom of the whole of the value added tax deductible under the Directive ("compensation rate" rule).

However, the main problem is that of zero-rating.

Annex I to this report lists the cases of zero-rating in force on 1 October 1982 by Member State. A look at this list shows that the scope of zero-rating is completely different in each of the five Member States in which it is applied. In Belgium, Denmark and Italy, zero-rating involves only a relatively small part of the VAT base, while in Ireland and the United Kingdom it involves more than one third (some 33% of consumption by households in Ireland and some 35% in the United Kingdom is relieved of VAT through zero-rating). In Belgium, Denmark and Italy zero-rating is generally simply an ad hoc measure introduced in specific instances with limited objectives in mind (for example, in order to reduce costs for the press); in Ireland and the United Kingdom, the large-scale use of zero-rating reflects a tax policy which is being pursued for historical, political and social reasons that are not easy to dismiss, especially psychologically, despite the economic and technical considerations set out below.

The Commission has had to check whether certain cases of zero-rating conform with the conditions laid down in paragraph 2 of Article 28 of the Sixth VAT Directive. Infringement procedures have been initiated against three Member States.

The application within the country of exemption with refund of the VAT paid at the preceding stage (zero-rating) presents several drawbacks, both generally in terms of the effectiveness of this system of taxation, and with regard to Community harmonization in this area. The reasons are that:

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- at national level, the complete remission of tax for an economic sector by means of zero-rating inevitably increases the burden of VAT on sectors which are subject to it and thus aggravates the distortions created by differential rates in the allocation of resources;
- at Community level, if a category of activities is zero-rated in one Member State, traders in the same sector, or consumers, will claim the same benefit in other Member States;
- in terms of management, the refunds which have to be made to taxable persons as a result of zero-rating entail high administrative costs, which are not in any way offset by revenue;
- as regards the collection of VAT own resources, zero-rating at national level not only tends to weaken the very notion of own resources by making it necessary to provide for financial compensation, but also disrupts the tax link which own resources are supposed to establish between taxpayers and the Community.

As regards the social justification of zero-rating, which is that the remission of tax for large categories of goods and services regarded as being basic necessities (food, clothing, medicines, public transport, etc.,) allows a significant reduction in the tax burden on the least well-off sections of society, it should be noted that several studies on this subject have concluded that even very wide application of this measure provides only a slight benefit to low-income groups, a growing proportion of whose expenditure is on goods or services that are subject to the standard rate or indeed to an increased rate.

There are therefore grounds for wondering whether an active social policy of granting aids or social benefits to persons really in need of them would not be more effective than this rather indiscriminate instrument whose effectiveness is open to doubt.

In adopting the Sixth Directive, the Council implicitly accepted the Commission's arguments against maintaining and, a fortiori, extending the use of zero-rating, since Article 28 provides that:

- until a date which shall be fixed by the Council, acting unanimously on a proposal by the Commission but which shall not be later than the abolition of fiscal frontiers, Member States may continue to apply zero rates which satisfy the conditions stated in the second Directive and which were in force on 31 December 1975;
- on the basis of a report from the Commission, the Council must every five years review the zero rates applied by Member States and, acting unanimously on a proposal from the Commission, must where appropriate adopt the measures required to ensure their progressive abolition.

The Commission indicates the following possible ways of progressively narrowing the scope of zero rates.

In Belgium, Denmark and Italy, the existing zero rates can probably be abolished without undue difficulty, especially if direct financial assistance could be granted, at least on a provisional basis, in their place.

In the case of Ireland and the United Kingdom, the problem is obviously much more difficult, since at present the whole of the population benefits, to a degree that varies with the socio-economic group from the remission of tax on a large proportion of consumption.

Looking at the problem simply in technical terms, a solution for Ireland and the United Kingdom and one which would necessarily have to be spread over a long period might be along the following lines:

- gradual narrowing of the scope of zero-rating, for example by restricting it during an initial stage to foodstuffs alone, excluding clothing, footwear, etc., and then, during a second stage, to basic foodstuffs alone (bread, milk, meat, etc.);
- gradual increase in the taxation of the goods and services which would thus be excluded from the scope of zero-rating; during an initial period, the rate of tax could be set at a fairly low level, though one which would be sufficient to allow deduction of input tax ("compensation rate"); subsequently, this special rate would be increased to the level of the reduced rate or the standard rate in one or more intermediate stages;
- gradual reduction in the level of the rate or rates of VAT, parallel to the process of narrowing the scope of zero-rating, where a Member State wished to maintain the total yield of VAT at the same level. Another possibility would be to keep VAT rates unchanged so as to provide some latitude for reducing the burden of other direct or indirect taxes.

The Commission envisages putting forward appropriate proposals on the above lines in light of the discussion which will be held on this report in the Council.

II - OTHER TRANSITIONAL PROVISIONS

- 1 - FREEDOM TO CONTINUE TO TAX TRANSACTIONS WHICH WILL HAVE TO BE EXEMPT UNDER THE FINAL ARRANGEMENTS (Article 28(3)(a) and Annex E to the Sixth Directive)
- 2 - FREEDOM TO CONTINUE TO EXEMPT TRANSACTIONS WHICH WILL HAVE TO BE TAXED UNDER THE FINAL ARRANGEMENTS (Article 28(3)(b) and Annex F to the Sixth Directive)

These two sorts of derogation, though producing opposite results, will be looked at together, since the way in which they must be treated is determined by the same set of problems.

Pursuant to Article 28(3) of the Sixth Directive, Member States may, during the transitional period initially set at five years from 1 January 1978:

- (a) continue to subject to tax the transactions exempt under Article 13 or 15 set out in Annex E to the Directive;
- (b) continue to exempt the activities set out in Annex F under conditions existing in the Member State concerned.

The total number of derogations is 15 in the case of Annex E and 27 in the case of Annex F.

The two tables given in Annex II to this report indicate which Member States have made use of each of these options.

A brief look at the tables shows that some of the options provided for in Annex E have not been used by the Member States and are thus no longer available. These are as follows:

- E - 8: the services of intermediaries relating to the negotiation of credit guarantees or any other security for money and the management of credit guarantees;

- E - 13: the supply of goods and services relating to aircraft used for reward on international routes;

Under Article 28(4), the freedom to continue to tax or not to tax certain transactions is granted for a transitional period of five years. Before the end of this period, the Council, acting on a proposal from the Commission, must decide on the maintenance or abolition of the derogations. The derogations in question may be divided into the following three categories, chiefly applying criteria based on financial impact:

- a) - slight financial impact of the derogation;

- b) - relatively significant financial impact of the derogation;

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c) - very significant financial impact.

The various derogations listed in Annex E (exempt transactions under the final scheme) may be broken down as follows into these three categories:

<u>A - slight impact</u>	<u>B - moderate impact</u>	<u>C - serious impact</u>
E 1 (supply of parcel post services)	E 9 (the services of intermediaries relating to transactions in transferrable securities)	E 2 (services supplied by dental technicians)
E 3 (services supplied by independent groups of persons)	E 15 (services of travel agents for journeys outside the Community)	E 7 (services supplied by public radio and television bodies)
E 4 (services linked to sport or physical education supplied by non-profit-making organizations)		E 11 (supply of buildings that are not newly constructed)
E 5 (cultural services supplied by bodies governed by public law)		
E 6 (supply of transport services for sick or injured persons by ambulance)		
E 10 (management of investment funds)		
E 12 (supply of goods dispatched or transported by a purchaser not established within the territory of the country).		

The various derogations listed in Annex F (taxed transactions under the final scheme) may be broken down as follows:

<u>A - slight impact</u>	<u>B - moderate impact</u>	<u>C - serious impact</u>
F 1 (admission to sporting events)	F 6 (services supplied by undertakers and cremation services)	F 2 (services supplied by authors, artists and members of the liberal professions)
F 3 (supply of services by means of agricultural machinery)	F 12 (supply of water by public authorities)	F 5 (telecommunications services supplied by public postal services)
F 4 (supply of greyhounds and thoroughbred horses)	F 15 (safekeeping and management of shares, etc.)	F 9 (treatment of animals by veterinary surgeons)
F 7 (transactions carried out by blind persons or workshops for the blind)		

A - slight impact

F 8 (supply of goods and services for cemeteries commemorating war dead)

B - moderate impact

F 26 (transactions concerning gold other than gold for industrial use)

C - serious impact

F 10 (transactions of hospitals)

F 16 (supplies of buildings and land)

F 17 (passenger transport)

F 11 (services of experts in connection with insurance claims)

F 13 (management of credit and credit guarantees)

F 14 (debt collection)

F 18 (supplies of goods and services relating to commercial inland waterway vessels)

F 19 (supplies of some used capital goods)

F 20 (supplies of recuperable material and fresh industrial waste)

F 21 (goods for the fuelling and provisioning of private boats)

F 22 (goods for the fuelling and provisioning of aircraft for private use)

F 24 (transport of goods on the Rhine and Moselle)

F 23 (supplies of goods and services relating to aircraft used by State institutions)

F 25 (supplies of goods and services relating to warships)

F 27 (services of travel agents relating to journeys within the Community)

It may be seen that the number of derogations falling into each of the three categories is as follows:

ANNEX E

slight impact

7

moderate impact

2

serious impact

3

ANNEX F

slight impact

14

moderate impact

4

serious impact

9

This breakdown shows that the great majority of the derogations come under the heading "slight impact". Nevertheless, in Annex F, there is a relatively large number of derogations involving "serious impact".

There is some tendency in Member States to end the derogations provided for in Annex F, mainly as a result of the growing budgetary difficulties which most of them are facing. These difficulties should have a favourable influence on the standardization of the basis of assessment for VAT.

In discussing the abolition of the various derogations, another factor to be taken into consideration is the extent to which competition is distorted, since a number of the derogations do in fact generate distortions of competition within the Community (for example, the derogation relating to transactions concerning gold, the derogation relating to passenger transport and those relating to travel agents).

Irrespective of the financial and competitive criteria mentioned above, it should nevertheless be observed that certain classes of service in Annexes E and F have an essentially social character. This is especially the case with some of the classes of services belong to Annex F (principle of taxation at the definitive stage), in particular F 6, 7, 8 and 10.

3 - FREEDOM TO MAINTAIN OR GRANT THE RIGHT TO OPT FOR TAXATION (Article 28(3)(c) and Annex G to the Sixth Directive)

So as to obviate or mitigate the economic disadvantages caused by exemptions, several Member States made legislative provision for the right to opt for taxation in certain specific cases. The rights of option in respect of transactions which will in any case have to be taxed at the end of the transitional period are being maintained on the basis of paragraph 1(b) of Annex G to the Directive; for the purposes of the common system of VAT, such options should not cause any particular difficulties.

A much more differentiated view must be taken of the other rights of option allowed under the Directive but relating to transactions which are or will have to be normally exempted: this category covers the rights of option referred to in paragraph 2 of Annex G - which were allowed to be maintained "until at the latest the end of three years from the date the Directive comes into force".

By contrast, paragraph 1(a) of Annex G allows Member States freedom to maintain rights of option relating to the transactions specified in Annex E,

i.e. transactions which will in any case have to be exempted at the end of the transitional period. This freedom, which is itself transitional, is difficult to justify from the point of view of the common system of VAT. However, it should be noted that the cases in which this freedom is actually used are exceptional and of minor importance; it should therefore be possible to abolish this transitional provision fairly rapidly.

4 - FREEDOM TO DEROGATE FROM THE PRINCIPLE OF IMMEDIATE DEDUCTION (Article 28(3)(d))

Only France has made use of the freedom to derogate from the principle of immediate deduction. In France, the input tax on goods not constituting fixed assets and on services is deducted from the tax payable by the taxable person in respect of the month following that during which the right to deduction arose.

Under French legislation, "fixed assets" includes goods of any nature acquired or produced by an undertaking for permanent use as working equipment or means of operation (land, buildings, plant, transport equipment, patents, licences, etc.).

This time lag of one month obviously affects the cash position of firms, who have to finance the tax for a longer period than in the normal case where immediate deduction is applied.

A rough calculation based on figures for 1974 showed that the additional economic burden on French firms amounted to FF 650 million.

This figure would have to be multiplied by at least two to bring it up to date, taking account of the effects of inflation and, above all, the rise in interest rates. The figure is of course approximate, but gives a fair idea of the comparative disadvantage which this rule imposes on French firms compared with firms in other Member States in which immediate deductibility is the general rule.

The abolition of this derogation could be accompanied by technical arrangements designed to spread its effects over time.

5 - FREEDOM TO DEROGATE FROM THE ARRANGEMENTS WHEREBY CERTAIN SUPPLIES ARE TREATED AS TAXABLE TRANSACTIONS AND CERTAIN AMOUNTS RECEIVED ARE NOT INCLUDED IN THE TAXABLE AMOUNT (Article 28(3)(e))

This involves three sorts of derogation which may be applied during the transitional period :

- (a) derogation from Article 5(4)(c), i.e. the right not to consider as supplies "the transfer of goods pursuant to a contract under which commission is payable on purchase or sale";
- (b) derogation from Article 6(4), i.e. the right not to consider certain persons taking part in a supply of services as having received and supplied such services themselves;
- (c) derogation from Article 11 A(3)(c), i.e. the right to include in the taxable amount of taxable transactions repayments for expenses paid out by the seller for the account of the purchaser.

These derogations are made use of in national legislations in the following manner :

- all three cases in French legislation;
- (b) and (c) in Danish legislation;
- (a) and (b) in United Kingdom legislation.

Given the very limited extent to which use is made of these derogations within the Community abolishing them is unlikely to create any major difficulties.

6 - FREEDOM TO TAKE THE DIFFERENCE BETWEEN THE SELLING PRICE AND THE PURCHASE PRICE AS THE TAXABLE AMOUNT FOR CERTAIN REAL PROPERTY TRANSACTIONS (Article 28(3)(f))

This provision, which covers "supplies of buildings and building land purchased for the purpose of resale by a taxable person for whom tax on the purchase was not deductible", mainly applies to taxable persons dealing in buildings that are not newly constructed or in land whose acquisition lay outside the scope of value added tax.

This freedom to tax only the margin is used solely in France. However, various factors must be taken into account in assessing the case for it :

- under the final system, the supply of buildings that are not newly constructed will be exempt (Article 13 B (g));
- taxpayers may be allowed to opt for the taxation of the abovementioned supply of buildings (Article 13 C(b));
- many countries currently exempt the supply of building land under the transitional provisions (Article 28(3)(b) and Annex F to the Sixth Directive);
- this freedom meets the same concerns as those underlying the proposal for a Seventh Directive on the common system of value added tax to be applied to used goods.

Consequently, the Commission considers that this freedom should be maintained as long as the application of VAT to immovable property is governed by transitional provisions.

7 - FREEDOM TO CONTINUE TO EXEMPT WITHOUT REPAYMENT OF INPUT TAX THE SERVICES OF TRAVEL AGENTS (Article 28(3)(g))

The freedom to derogate during the transitional period from the provisions of Articles 17(3) and 26(3) concerning travel agents is used in Luxembourg (though not in the case of travel agents acting in the name and for the account of the traveller), Ireland and Denmark.

In the Netherlands, the special scheme for travel agents provides for exemption of foreign travel organized by such agents. In certain cases, however, the exemption does not exclude repayment of input tax.

This sort of freedom merely adds a further derogation to those already included in Annex E (point 15) and Annex F (point 27) to the Sixth Directive and mentioned previously under points 2 and 3 of this report.

The Commission would underline the paradoxical nature of this situation during the transitional period, the Council having seen fit to provide for a special scheme for travel agents, set out in Article 26 of the Sixth Directive.

The only progress which has been achieved in this matter is that a uniform place for taxation and taxable amount have been determined, but progress is slim if one bears in mind that some member countries continue to tax the remuneration which travel agents receive for journeys made outside the Community (this is the case in Germany and Belgium), whereas other member countries continue to exempt the remuneration which travel agents receive for journeys made within the Community (this is the case in Denmark, France, Ireland and the Netherlands).

Since the establishment of a genuine common system of VAT in respect of the activities of travel agents is a matter of considerable importance, not only in the context of tax harmonization, but also and especially from the point of view of other Community measures such as the drive to develop tourism, it is desirable that these derogations should be abolished as soon as possible, despite the difficulties which might be involved.

A N N E X I

ZERO-RATING OF GOODS AND SERVICES IN MEMBER STATES' VAT
LEGISLATION

(Situation at 1 July 1982)

ANNEX I

Some Member States apply zero-rating within the country to the following transactions:

ITALY

- The supply of daily newspapers ;
- the supply of land not liable to be used as building land ;
- the supply of pasta products, bread and milk of a kind used for human consumption (1) ;
- certain transactions carried out in connection with assistance to victims of earthquakes in the south of Italy (temporary measure for the period from 1.1.1981 to 31.12.1981, extended until 31.12.1982 and authorized by the Council (2)).

BELGIUM

- The supply of daily and weekly newspapers.

IRELAND (3)

- The carriage of goods in the State in execution of a contract to transfer the goods to a place outside the State ;
- animal feeding stuff (excluding feeding stuff for domestic pets) ;
- fertilizer which is supplied in units of not less than 10 kilograms ;
- services provided by the Commissioners of Irish Lights ;

(1) Zero-rating introduced after 31.12.1975. Infringement proceedings initiated by the Commission.

(2) Decision 81/890/EEC of 3.11.1981 (OJ No L 322, 11.11.1981, p. 40), Decision 82/424/EEC of 21.6.1982 (OJ No L 184, 29.6.1982, p. 26).

(3) Some of the items listed are being examined to see whether they comply with the provisions of Article 28(2).

- food and drink of a kind used for human consumption (excluding certain products such as alcoholic beverages, manufactured beverages, ice cream and confectionery) ;
- medicine of a kind used for human oral consumption ;
- medicine of a kind used for animal oral consumption (excluding medicine for domestic pets) ;
- seeds, plants, trees, etc., of a kind used in order to produce food ;
- books (excluding newspapers, periodicals, catalogues, etc.) (1) ;
- articles of personal clothing and footwear (excluding articles of clothing made of fur skin) ;
- fabrics and other articles of a kind used in the manufacture of clothing ;
- invalid carriage, crutches, orthopaedic appliances and other artificial parts of the body (excluding artificial teeth) (1) ;
- sole and upper leather of a kind supplied for the manufacture and repair of footwear, heels, etc. ;
- coal, gas, electricity, candles and hydrocarbon oil of a kind used for heating or lighting.

UNITED KINGDOM (2)

- Food of a kind used for human consumption and animal feeding stuffs, with the exception of certain prepared products such as ice cream, chocolates, manufactured beverages or beverages chargeable with any excise duty, and pet foods ;
- seeds or other means of propagation of plants comprised in the above paragraph ;

(1) Zero-rating introduced after 31.12.1975. Infringement proceedings initiated by the Commission.

(2) Some of the items listed below are being examined to see whether they comply with the provisions of Article 28(2).

- live animals of a kind generally used as, or yielding or producing, food for human consumption ;
- sewage services ;
- water other than distilled water ;
- books, newspapers, journals, periodicals, music, maps, etc. ;
- the supply of magnetic tape and tape recorders to the Royal National Institute for the Blind ;
- the supply to a charity of wireless receiving sets solely for gratuitous loan to the blind ;
- the publication in any newspaper, journal or periodical of any advertisement, and the supply of services for the purpose of securing such a publication ;
- the supply of information to newspapers ;
- coal, gas, electricity, hydrocarbon oil (except that on which a customs or excise duty has been or is to be charged) ;
- construction of buildings (i.e. the granting, by a person constructing a building, of a major interest in the building, and the supply, in the course of the construction, alteration or demolition of any building, of any services other than the services of an architect, etc.) ;
- the supply, by a person supplying the services mentioned above, of certain materials, excluding any work of repair or maintenance ;
- the transport of passengers in any vehicle, ship or aircraft carrying not less than 12 passengers, or by the Post Office, or on any scheduled flight ;
- the transport of passengers or freight to or from a place outside the United Kingdom ;
- the supply of certain caravans ;
- drugs, medicines, medical and surgical appliances, etc. (excluding hearing aids, dentures, spectacles, etc.) ;
- the supply by a charity of any goods which have been donated for sale ;
- articles designed as clothing or footwear for young children ;
- protective boots and helmets for industrial use.

DENMARK

- The supply of newspapers published at least once a month ;
- the transportation within the country of goods coming from a foreign country ;
- subscriptions for foreign periodicals from a foreign publisher on behalf of a subscriber.

A N N E X I I

Temporary derogations from the rules on exemption or
taxation laid down in the Sixth VAT Directive

Table No. 1 : Temporary derogations from the rules on exemption
(Annex E to the Sixth Directive)

Table No. 2 : Temporary derogations from the rules on taxation
(Annex F to the Sixth Directive)

ANNEX II

Table No 1

TRANSACTIONS REFERRED TO IN ANNEX E. (EXEMPT TRANSACTIONS UNDER THE FINAL SCHEME)	COUNTRIES THAT HAVE MAINTAINED TAXATION
1. Parcel post services	Denmark
2. Services supplied by dental technicians ; the supply of dental prostheses	Germany Belgium Ireland
3. Services supplied by independent groups of persons exempt from or not subject to VAT	Belgium France Luxembourg Ireland
4. Services linked to sport or physical education supplied by non-profit-making organizations	Germany United Kingdom
5. Cultural services supplied by bodies governed by public law	Denmark Ireland United Kingdom
6. The supply of transport services for sick or injured persons in ambulances	France United Kingdom
7. The supply of services by public radio and television bodies	Denmark Italy
8. The supply of services by intermediaries relating to the negotiation of credit guarantees or any other security for money and the management of credit guarantees	—
9. The supply of services by intermediaries relating to transactions in transferable securities	United Kingdom
10. Management of investment funds	Ireland United Kingdom
11. The supply of buildings that are not newly constructed	Denmark France (estate agents) Ireland Italy Netherlands (on option according to criteria prior to the Sixth Directive)
12. The supply of goods dispatched or transported by a purchaser not established within the territory of the country	Denmark Ireland

Table No 1
(continued)

TRANSACTIONS REFERRED TO IN ANNEX E. (EXEMPT TRANSACTIONS UNDER THE FINAL SCHEME)	COUNTRIES THAT HAVE MAINTAINED TAXATION
13. The supply of goods and services in respect of aircraft used for reward on international routes	-
14. Goods supplied to approved bodies which export them as part of their humanitarian activities	Denmark Ireland
15. The services of travel agents for journeys outside the Community	Germany Belgium Luxembourg

Table 2

TAXED TRANSACTIONS UNDER THE FINAL SCHEME (TRANSACTIONS REFERRED TO IN ANNEX F)	COUNTRIES THAT HAVE MAINTAINED EXEMPTION
1. Admission to sporting events	Denmark France Ireland Luxembourg
2. Services supplied by authors, artists and members of the liberal professions	Belgium Denmark France Netherlands
3. Supply of services by means of agricultural machinery	France
4. Supply of greyhounds and thoroughbred horses	Ireland
5. Telecommunications services supplied by public postal services	Germany France Ireland Italy (only telegraph) Luxembourg Netherlands
6. Services supplied by undertakers and cremation services	Denmark Ireland Italy Netherlands United Kingdom
7. Transactions carried out by blind persons or workshops for the blind	Germany Denmark France Netherlands
8. The supply of goods and services for cemeteries, etc. commemorating war dead	Belgium France Luxembourg
9. Treatment of animals by veterinary surgeons	Belgium Netherlands Ireland
10. Transactions of hospitals	Belgium, Ireland and the United Kingdom exempt the whole of this sector, but consider that the exemption falls under Article 13
11. Services of experts in connection with insurance claims	France Netherlands

Table no. 2
(continued)

TRANSACTIONS REFERRED TO IN ANNEX F (TAXED TRANSACTIONS UNDER THE FINAL SCHEME)	COUNTRIES THAT HAVE MAINTAINED EXEMPTION
12. The supply of water by public authorities	France Ireland Luxembourg
13. Management of credit and credit guarantees	Denmark Germany Luxembourg
14. Debt collection	-
15. The safekeeping and management of shares, etc.	Denmark Germany Luxembourg
16. Supplies of new buildings and building land	Belgium Denmark Germany Luxembourg
17. Passenger transport	Virtually all Member States, but in particular : Denmark and Ireland
18. The supply of goods and services relating to commercial inland waterway vessels	Belgium
19. Supplies of some used capital goods	France
20. Supplies of recuperable material and fresh industrial waste	Belgium France
21. Goods for the fuelling and provisioning of private boats proceeding outside the national territory	United Kingdom
22. Goods for the fuelling and provisioning of aircraft for private use	United Kingdom
23. The supply of goods and services relating to aircraft used by State institutions	Belgium Denmark Italy
24. The transport of goods on the Rhine and the canalized Moselle	France
25. The supply of goods and services relating to warships	Belgium Denmark Italy Netherlands

Table No. 2
(continued)

TAXED TRANSACTIONS UNDER THE FINAL SCHEME (TRANSACTIONS REFERRED TO IN ANNEX F)	COUNTRIES THAT HAVE MAINTAINED EXEMPTION
26. Transactions concerning gold other than gold for industrial use	France Luxembourg
27. The services of travel agents for journeys within the Community	Denmark France Ireland Netherlands