

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

10468/90 (Presse 211)

1454th Council meeting

- Economic and Financial Affairs -

Brussels, 3 December 1990

Presidents: Mr Guido CARLI
Minister for the Treasury

Mr Rino FORMICA
Minister for Finance
of the Italian Republic

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The Governments of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Philippe MAYSTADT Minister for Finance

Denmark:

Mr Jens THOMSEN State Secretary, Ministry of Finance

Germany:

Mr Horst KÖHLER State Secretary, Federal Ministry of Economic Affairs

Greece:

Mr Eythymios CHRISTODOULOU Deputy Minister for Economic Affairs

Spain:

Mr Pedro PEREZ State Secretary for the Economy

France:

Mr Pierre BEREGOVOY Ministre d'Etat, Minister for Economic and Financial Affairs and the Budget

Ireland:

Mr Albert REYNOLDS Minister for Finance

Italy:

Mr Guido CARLI Minister for the Treasury

Mr Rino FORMICA Minister for Finance

Mr Emilio RUBBI State Secretary for the Treasury

Mr Stefano DE LUCA State Secretary for Finance

Luxembourg:

Mr Jean-Claude JUNCKER Minister for Finance

Mr Robert GOEBBELS Minister for Economic Affairs

Netherlands:

Mr W. KOK

Minister for Finance

Mr Marius van AMELSVOORT

State Secretary for Finance

Portugal:

Mr Miguel BELEZA

Minister for Finance

Mr Carlos TAVARES

State Secretary for the Treasury

Mr José de OLIVEIRA COSTA

State Secretary for Fiscal Affairs

United Kingdom:

Mr Francis MAUDE

Financial Secretary to the Treasury

Mr John REDWOOD

Minister of State, Department of Trade
and Industry

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o

Commission:

Sir Leon BRITTAN

Vice-President

Mr Peter SCHMIDHUBER

Member

Mrs Christiane SCRIVENER

Member

Mr Karel VAN MIERT

Member

MONEY LAUNDERING

The Council held a detailed discussion on four key questions concerning the proposal for a Directive on prevention of use of the financial system for the purpose of money laundering, viz. the definition of "laundering" and criminal activities, the prohibition of money laundering and appropriate measures to that end, the threshold above which occasional clients were to be identified and compulsory information for the authorities responsible.

In conclusion, the Council instructed the Permanent Representatives Committee to continue discussions on the basis of suggestions by the Presidency, in order to work out a solution allowing Ministers to come to an overall decision at their meeting on 17 December 1990.

INVESTMENT SERVICES IN THE SECURITIES FIELD

The Council continued its discussions begun on 19 November 1990 concerning the Directive on investment services in the securities field, concentrating on one of the fundamental questions involved, viz. the co-existence of two systems chosen by the Member States: one in which the Member State made it compulsory for transactions to be carried out on regulated markets and one in which the Member State allowed full freedom of choice between regulated markets or private contract and, in connection with that question, the problem of market transparency.

The Council worked on the basis of suggestions from the Commission, which were favourably received by many delegations, as a basis for possible compromise.

This being the case, the Council instructed the Permanent Representatives Committee to press on with discussions on the basis of the Commission's compromise ideas, and in the light of that day's discussions, to enable the Council to take a decision at its meeting on 17 December 1990.

DECISIONS ON THE FINANCIAL PERSPECTIVE

The Presidency briefed the Council on the results of negotiations with the European Parliament and the Commission on the financial perspective following the ECOFIN Council on 19 November 1990.

The Council examined these results and reached agreement on the matter.

SPECIAL MEETING OF THE ECOFIN COUNCIL

The Council agreed to hold a special meeting on 10 December 1990 to consider relations between the Community and the USSR and the central and eastern European countries, with particular reference to financial aspects.

ABOLITION OF FISCAL FRONTIERS

New VAT system

The Council approved, with two waiting reservations, conclusions on the main arrangements for the new VAT system which will apply after 1992.

These conclusions are set out in the Annex.

Transport taxation

The Council heard a statement by the German delegation on the importance it attached to the issue of transport taxation, which it asked to be referred to the European Council.

The Council also heard a statement from Commissioner VAN MIERT setting out the basic elements of the amended Commission proposal on charging transport infrastructure costs to certain goods vehicles. The Council instructed the Permanent Representatives Committee to examine this amended proposal.

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ANNEX

**COUNCIL CONCLUSIONS
ON THE TRANSITIONAL VAT ARRANGEMENTS ⁽¹⁾**

Further to the instructions given to it by the Dublin European Council, the ECOFIN Council records agreement on the main arrangements for application of the VAT system which will apply from 1 January 1993. The conclusions of the ECOFIN Council of 13 November 1989, the Commission proposals and the work of the ad hoc Working Party have led to the following solutions:

I.

Chargeable event

The main features of the taxation of intra-Community transactions in goods undertaken by taxable persons are as follows:

1. From the time that the chargeable event on importation is abolished, transactions in goods between taxable persons will be subject to taxation on the basis of the intra-Community acquisition of goods within the country of destination.

The new taxable transaction has been defined as the process of acquiring the right as owner to dispose of tangible property which is dispatched or transported to the person acquiring the goods, by the vendor or on his behalf or by the person acquiring the goods or on his behalf, to a Member State other than that from which the goods were dispatched or transported.

(1) These conclusions are still subject to two waiting reservations.

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The intra-Community acquisition of goods will be defined on the basis of the legal (civil and commercial) and fiscal criteria in force in the Member State of destination. The Member States will therefore have to take measures to ensure that acquisitions are given the same fiscal categorization as equivalent supplies carried out under their internal arrangements.

The place where an intra-Community acquisition of goods is taxed is the place of arrival of the goods. Without prejudice to this principle, a provision will guarantee that the person acquiring the goods will be liable for tax in the territory of the Member State which has issued him with a VAT registration number. Appropriate measures will be taken by that Member State to avoid any double taxation.

The taxable event and the conditions for charging the tax are based on the provisions of Article 10 of the 6th VAT Directive.

2. Exemption of intra-Community supplies of goods is granted in the Member State of departure when two conditions are fulfilled:
 - the goods are actually transported or dispatched out of the Member State of departure;
 - the supply is made to a taxable person who must, on that basis, have been declared or identified for VAT purposes in a Member State other than that from which the goods were dispatched or transported.
3. Certain intermediate acquisitions, that is to say acquisitions made on arrival in the territory of a Member State where the person acquiring the goods does not carry out any taxable activities, will be exempted in the interests of simplification.

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4. Movements of goods between Member States which are not supplies (for example storage) will be treated as taxable transactions in order to ensure correct application of the tax and appropriate control of such movements. Specific arrangements will be made to simplify the fiscal treatment of these transactions.

II.

Control

From 1 January 1993 Member States will set up control mechanisms for intra-Community trade to replace frontier controls, which must take account of differing administrative structures in the Member States and limit the additional administrative workload.

1. Exchange of computer-based data

- (a) Each Member State will, as a minimum, collect from its sellers to other Member States the following data:

- VAT registration number of the seller;
- the purchaser's VAT registration number in the country of acquisition;
- total turnover for each quarter of supplies made by a seller to each individual purchaser.

- (b) These data will be stored on EDP equipment.

- (c) Member States will take the necessary steps to allow for the exchange of the computer-based data by means of telecommunications. For this reason the data-processing systems of the Member States must be compatible.

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- (d) Such EDP systems for storing and exchanging data shall be operational in each Member State at 1 January 1993. Preparations to that end must begin immediately; in particular the Commission will set in hand as soon as possible, in co-operation with the Member States, a feasibility study of the necessary computer and telematic support network.
- (e) On the basis of the stored data the purchaser's country may obtain automatically and without delay, or have direct access to, no more than the following data:
- VAT registration numbers of all purchasers;
 - total value of all supplies received by each purchaser from all sellers in the Member State in question, for each quarter.
- (f) For the purpose of controlling the taxation of acquisitions, the country of acquisition shall, wherever it considers it necessary, and solely in order to combat tax fraud, obtain directly and without delay, or have direct access to, the following other data:
- VAT registration numbers of sellers of the Member State in question;
 - the total value of supplies from each seller to each purchaser concerned for each quarter.
- (g) At any time a Member State may obtain directly or have transmitted to it, on the basis of the computerized data, confirmation that a purchaser whose name and/or declared VAT registration number it has supplied is registered for VAT.
- (h) Further personal data, e.g. names of the sellers, etc., may be obtained only on request. They shall be supplied without delay. Such data may not be stored for possible future use.

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- (i) The data storage systems of individual Member States and the system for communicating these data between them must be technically secured in such a way that any misuse of data is ruled out.
- (j) The data must be used exclusively for fiscal control reasons and for the prosecution of fiscal infringements.

2. Other exchanges of information

- (a) If any information, and in particular that referred to in 1(e) and (f) above, which has been forwarded by a seller's country to a purchaser's country allows the latter to obtain further information which may be relevant in assessing liability to VAT in the seller's country, then such information shall be forwarded by the purchaser's country to the seller's country.
- (b) Frequently the stored data are not sufficient. It must therefore be possible at any time and on the basis of specific requests to exchange details concerning supplies made by a seller to a specific purchaser.

For this purpose, sellers' and purchasers' countries may ask for the transmission of at least invoice dates, numbers and total invoice values in addition to the data mentioned under point 1.

- (c) Further information may be requested on specific demand, if needed for the purpose of tax collection.

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(d) All information should be provided as soon as possible, particularly where there is a presumption of tax fraud, and in any event within three months unless the time limit is extended by the applicant authority.

(e) These requests must be limited to what is strictly necessary.

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The Council invites the ad hoc Working Party to press ahead with its work on:

- the other parts of the taxation arrangements for intra-Community transactions;
- the proposed arrangements for administrative co-operation and mutual assistance between fiscal administrations,

in order to allow it to adopt Community legal texts on these matters as soon as possible.

The Council also invites the ad hoc Working Party to report to it within six months on progress made by the Member States in implementing the above control measures.

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MISCELLANEOUS DECISIONS

Exemption from the 6th VAT Directive

The Council adopted a Decision authorizing the Federal Republic of Germany to grant Soviet armed forces stationed on the territory of the Federal Republic of Germany an exemption from Articles 14 and 15 of sixth Directive 77/388/EEC on the harmonization of the laws of the Member States relating to turnover taxes.

The purpose of the measure is to grant Soviet troops stationed in Germany the same VAT exemptions as have been applied to NATO forces there for some years. The measure was provisionally introduced under German regulations on 3 October 1990. It comes under the agreement between the FRG and the USSR on the conditions under which Soviet armed forces are temporarily stationed in Germany.

Brussels, 3 December 1990

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CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

INFORMAL ECO/FIN COUNCIL MEETING IN MILANO (T. KRØYER)

By the end of Sunday's informal meeting of the ECO/FIN Council the Italian President of the Council, Mr Carli said that the two important items on the agenda had been the economic situation in the Community and a presentation of the draft Statute for the European Central Bank System by the President of the Central Bank Governors, Mr K. H. Pöhl.

At a Press conference after the meeting, Vice-President Henning Christophersen told journalists that the growth rate for 1991 and 1992 by the Commission's services is estimated to be 2 1/4% and 2 1/2% respectively. This downwards adjustments compared to earlier estimates is due to internal as well as external factors notably the rise in oil prices but also to other events such as the recession in the U.S.

The Vice-President said that these estimates are based on an average oil price of 25 \$/barrel in 1991.

Mr Christophersen also said that the jobcreation in 1991 would not be enough for a continued fall in unemployment. The unemployment rate may even increase a little, he said.

On the basis of this economic outlook the Vice-President stressed that the increase in oil prices must pass through to the domestic markets. This is not a time to relax the monetary policy. Some Member States may even have to strengthen their fiscal policy to obtain the necessary convergence in Stage One of the EMU, he said.

As to the Statute for the Central Bank, Mr Christophersen said that the Governors' work is a major contribution to the IGC and that the Commission agrees on almost all points in the report. He strongly supported the decision to make the draft Statute public as the Commission has done with its two documents for the IGC on EMU.

Mr Pöhl said that the Statute has been generally backed by the Ministers. He said it was remarkable that 12 Governors has reached agreement on the basic ideas laid down in the Statute (although there is a general UK-reservation on a single currency).

These basic ideas were

- full and undivided monetary responsibility of the European Central Bank system
- the primary objective of price stability
- the ruling out of monetarisation of public deficits
- subsidiarity implying important roles to be played by national Central Banks.

Mr Pöhl told journalists that there is not total agreement on defining the role of the Bank as to exchange rate policy. He personally was in favour of a strong role of the Bank in order not to threaten the objective of price stability.

Regards,

B. DETHOMAS



Bruxelles, le 30 novembre 1990

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CC. AUX MEMBRES DU SERVICE DU PORTE PAROLE

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Préparation du Conseil ECOFIN du 3 décembre 1990
(I. le Moal-Ollive)

1. Système transitoire de TVA

Après l'accord politique intervenu lors de la dernière réunion des ministres des finances sur les principales modalités d'application du système transitoire de TVA au 1er janvier 1993, on s'attend à ce que les réserves d'attente et techniques qui subsistent soient levées avant le Conseil ou au cours de celui-ci.

En ce qui concerne la question de la compatibilité de la coopération informatisée des administrations nationales avec la protection des données et des personnes, question soulevée par la délégation allemande, Madame Scrivener présentera oralement les conclusions d'un rapport des services de la Commission.

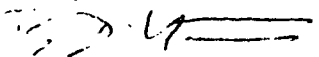
Par ailleurs Madame Scrivener a eu des contacts fructueux avec L'UNICE qui avait manifesté à la veille du dernier Conseil ECOFIN des réticences à l'égard des obligations imposées par le système transitoire aux entreprises. Elle a rencontré son Président, M. Ferrer qu'elle a assuré de la vigilance de la Commission à ce sujet. Certes la proposition de la Commission était moins contraignante que le compromis ayant emporté l'accord des délégations. Madame Scrivener a cependant confirmé son soutien à ce système qui ne prévoit qu'une formalité supplémentaire, la déclaration récapitulative et ne crée pas de charge administrative disproportionnée par rapport à la disparition de tous les contrôles et formalités d'importation et d'exportation dès le 1er janvier 1993.

2. Fiscalité des Transports

Monsieur Van Miert présentera au Conseil la proposition de la Commission relative à l'imputation des coûts d'infrastructure routière aux poids lourds de façon à compléter le dispositif fiscal qui comprend déjà la proposition de 1989 sur les taux des accises.

Enfin, le régime général de circulation et de contrôle des accises sera traité par le Conseil du 17 décembre de même que la question des franchises fiscales.

Amitiés,



B. DETHOMAS

Bruxelles, le 3 décembre 1990

NOTE BIO(90) 380 (suite 1) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONSEIL ECO/FIN (I. Le Moal-Ollive)

1. Accord sur le système transitoire de TVA

Madame Scrivener a constaté avec satisfaction que l'accord politique sur les principales modalités du régime transitoire de TVA applicable au 1er janvier 1993 a pu être consolidé au cours de ce Conseil.

En effet sur les quatre réserves techniques ou d'attente émises le 19 novembre dernier, seule une n'a pu être levée. De fait, la délégation britannique n'était pas en mesure de lever sa réserve en raison du changement de l'équipe ministérielle et de retards dans la consultation de l'industrie. Elle s'est cependant engagée à le faire au cours du prochain COREPER. Il s'agit là d'un résultat très positif pour la réalisation du marché intérieur.

Madame Scrivener a confirmé par ailleurs son attachement à l'allègement maximal des charges supportées par les entreprises et elle s'est en outre engagée à poursuivre les travaux d'examen du problème de la protection des données informatiques dans le cadre des échanges d'informations entre administrations nationales.

Enfin, Madame Scrivener a rappelé les derniers points sur lesquels un accord devrait également être trouvé avant la fin de l'année, il s'agit de la durée de la période de transition (la proposition de la Commission prévoit de passer au régime définitif le 1er janvier 1997), et de la question des régimes particuliers (ventes de voitures, ventes par correspondance, dispositions destinées aux non-assujettis-administrations, banques, assurances-).

2. Accises et franchises voyageurs

Madame Scrivener a mis les Ministres des Finances en garde contre le danger de s'enliser dans les détails techniques et bureaucratiques d'ici le 17 décembre prochain, date à laquelle il faudra nécessairement s'entendre sur le régime général de circulation et de contrôle des produits soumis à accises en l'absence de frontières. Le parallélisme entre les dossiers TVA et accises doit en effet être maintenu pour disposer à la fin de cette année, conformément au mandat du Conseil de Dublin, des régimes généraux de la fiscalité indirecte de l'après 1992.

En ce qui concerne les franchises voyageurs, la Commission continue à insister pour qu'un relèvement substantiel de leur niveau intervienne sans tarder et que surtout le Conseil s'accorde à l'unanimité sur la suppression de toute limitation aux achats des voyageurs après 1992. En effet une réserve est maintenue à ce sujet depuis maintenant une année.

Amitiés,



B. Dethomas

Brussels, 4 December 1990

NOTE BIO (90) 380 suite 2 AUX BUREAUX NATIONAUX
CC: AUX MEMBRES DU SERVICE PORTE-PAROLE

ECO/FIN COUNCIL, 3 December 1990 - M.F. Berendt

Finance Ministers continued their examination of two Commission proposals, on money laundering and on investment services. They will return to these issues on December 17.

The money laundering directive will introduce into Community law an obligation on banks and other financial institutions to inform the authorities when they suspect that money laundering is taking place. The Council has still to resolve whether the obligation should apply to the proceeds of terrorism and other organised crime as well as drug trafficking; how such a duty to report suspicions can be reconciled with liability law (Germany and Luxembourg are particularly reticent); and what the minimum threshold should be : 10,000 ecu is proposed by the Commission; 25,000 ecu by Germany, the UK and Luxembourg.

The investment services directive moved closer to agreement. New proposals from the Commission promise a way through the difficult issues of regulated markets (allowing member states to determine that smaller deals should be carried out on stock exchanges unless the investor gives specific instructions for off-market dealing) and reporting of trades in off-market business (some put the emphasis on publication of volume and prices, including France and Belgium, while others - the UK for example - favour reporting and access to information but not publication). Both French and British ministers were showing some flexibility and there now seems a better chance of agreement later this month.

Regards,


Bruno Dethomas