The Parliament of Romania
Senate

Bucharest, 20 March 2018 **Courtesy translation**

OPINION of the ROMANIN SENATE on the Proposal for a COUNCIL DIRECTIVE amending Directive 2006/112/EC as regards rates of value added tax COM (2018) - 20 final and on the Proposal for a COUNCIL DIRECTIVE amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises - COM (2018) 21 final

The Romanian Senate, pursuant to art. 67, art. 148 (2) and (3) of the Romanian Constitution and the Protocol no. 2 annexed to the Treaty of Lisbon amending the Treaty on European Union and the Treaty on the Functioning of the European Union, signed in Lisbon in 13rd December 2007, has examined the Proposal for a COUNCIL DIRECTIVE amending Directive 2006/112/EC as regards rates of value added tax COM (2018) - 20 final and on the Proposal for a COUNCIL DIRECTIVE amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises - COM (2018) 21 final.

Having in view the report of the Committee for European Affairs from 14th March 2018, **the Romanian Senate**, issued on March 19, 2018 an OPINION, as follows:

(1) Considers that the proposals respect the principle of subsidiarity, as only an EU legislative initiative can regulate the expiry of derogations of VAT rates at european level, ensure equal treatment of member states in the field of VAT and solve the main problems identified in the field of european SMEs (high costs to ensure compliance, distortion of competition, etc.).

The proposals also respect the principle of proportionality, and do not go beyond what is necessary to achieve the objectives of the treaties.

(2) Requests clarification in the Working Groups on the following issues:

a) the obligation for member states to ensure that the weighted average of VAT rates, calculated in accordance with Art. 4 of the Council Regulation no. 1553/89, is at no time below 12%. This may mean for some member states to revise the reduced VAT rates in force and eliminate some of them.

b) how small non-exempted businesses will apply the fiscal period in the calendar year and will be able to opt for another tax period, unlike the current provisions, according to which

member states set the tax period. This means that if taxpayers do not opt to use the tax month, the calendar month or calendar quarter, there will be a gap in the collection of budget revenues.

(c) an obligation that the member state of establishment to pursue the correct declaration of annual turnover achieved at Union level and to inform the tax authorities of the other member states in which the small business carries out its supplies and/or services. This means that member states will record additional administration costs and that administrative cooperation between member states will need to be developed.

p. President of the Senate

Iulian-Claudiu MANDA