

3 February 2003

## **European Charities' Committee on VAT Conference** *VAT and Charities: the options*

Charities across Europe have recently come together at a major conference in Brussels to campaign for relief from irrecoverable VAT, which costs the sector €billions every year. The conference was organised by the European Charities' Committee on VAT to highlight the damaging effect on charities of having to pay such huge amounts of VAT on the goods and services they purchase to enable them to provide their services. Charities from 11 EU Members States attended the conference, which was sponsored by the King Baudouin Foundation, the Charities' Aid Foundation and the Archbishops' Council.

Members of the European Parliament, Benedetto della Vedova and Theresa Villiers, pledged the European Parliament's continued support for improved fiscal treatment for charities so that they can continue to provide services to the most vulnerable in society without fear of being penalised by VAT laws. Both MEPs praised ECCVAT for drawing attention to this enormous problem facing charities throughout the EU.

Equally encouraging was the message given by the Head of the European Commission's Indirect Tax Unit, Stephen Bill, who confirmed that there were no EU obstacles to the introduction by national Governments of VAT recovery systems for charities should they choose to do so. He added that national Governments should not use EU legislation as an excuse for inaction and for preventing them from reforming VAT laws in favour of charities.

A reception held in the European Parliament to brief MEPs about the issue was equally successful in raising political awareness of the issues. Theresa Villiers MEP, who sponsored the event, said: "Charities play an important role in improving the quality of peoples' lives – a role that can only be enhanced if we reform the VAT system to help them."

MEP Benedetto Della Vedova addressing ECCVAT conference.



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## Notes for Editors

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2. ECCVAT was established in 1992 when NGOs across Europe became increasingly concerned about the impact of VAT on their activities and the fact that, unlike commercial companies, they are unable to recover the VAT that they incur. ECCVAT has members in several EU Member States.
3. ECCVAT has been discussing various options with the EU institutions to remedy this particular problem so that charities can continue to help the most disadvantaged members of society.
4. The European Commission is undertaking a review of reduced VAT rates during 2003. ECCVAT is following developments and lobbying to ensure that the interests of charities are fully represented in the policy-making and review processes.