

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

on the VAT group option provided for in Article 11 of Council Directive 2006/112/EC on the common system of value added tax

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1. INTRODUCTION

Article 11 of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax[1] (hereinafter 'the VAT Directive') provides the Member States with an option to introduce VAT grouping schemes into their national legislation. A Member State may regard two or more persons established in that Member State who, while legally independent, are closely bound to one another by financial, economic and organisational links, as a single taxable person for VAT purposes. Member States who wish to exercise this option must submit prior consultation to the advisory committee on value added tax (hereinafter 'the VAT Committee') and may adopt any measures needed to prevent tax evasion or avoidance arising from the use of this option.

Where the VAT grouping option provided for in Article 11 is taken up by a Member State, this is to be considered as a particular national deviation from the normal Community VAT rules.

Although the VAT grouping option has been available for Member States since the 1970s, the Commission has nevertheless noted an increased interest on the part of the Member States in using this option. To the Commission's knowledge, there are now 15 Member States[2], which have introduced VAT grouping schemes into their national legislation.

The wording of Article 11 is brief, which leaves it up to Member States to lay down the detailed rules on the implementation of the VAT grouping option. Moreover, the VAT Directive contains no other provisions that relate specifically to VAT groups. From the Member States' consultations with the VAT Committee, it has become evident that there are wide divergences between the VAT grouping schemes implemented by Member States.

Given the advantages a VAT grouping scheme can offer to certain taxable persons, the scheme may, depending on its features, run counter to the principle of fiscal neutrality and may be a source of fiscal competition between Member States. In view of this, the current divergences between the national VAT grouping schemes involve a potential impact on the internal market and on the basic principles of the

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1 Council Directive 2006/112/EC of 28 November 2006, on the common system of value added tax (OJ L 347, 11.12.2006, p. 1). Directive last amended by Directive 2008/8/EC (OJ L 44, 20.2.2008, p. 11).

2 Austria, Belgium, the Czech Republic, Cyprus, Denmark, Estonia, Finland, Germany, Hungary, Ireland, the Netherlands, Romania, Spain, Sweden and the United Kingdom. Slovakia will introduce VAT grouping scheme in July 2009.

Community VAT system. This is confirmed by the fact that many group schemes, by their design, do not ensure that the effects are limited to the national territory.

It is therefore essential to make sure that this provision is applied more uniformly.

Against this background, the aim of this Communication is to explain the Commission's view on how the provisions of Article 11 should be translated into practical arrangements whilst respecting the basic principles of the Community VAT system.

In the light of reactions to this Communication, the Commission will reflect on whether and when further action will be appropriate. Such action could consist in proposing concrete amendments to Article 11 but also in contributing to a more uniform and fiscally neutral application of the current rules by other means.

2. ORIGINAL OBJECTIVE OF THE VAT GROUP PROVISION

The concept of VAT group was only introduced in Community legislation by Article 4(4) of the Sixth VAT Directive[3]. According to the Explanatory Memorandum[4], the aim of the provision on VAT grouping is to allow Member States, for the purposes of administrative simplification or combating abusive practices (e.g. when a business is split into several taxable persons so that each may benefit from a special scheme), to not regard as separate taxable persons those whose 'independence' is purely a legal technicality.

Article 4(4) was amended by Council Directive 2006/69/EC of 24 July 2006[5] when a second subparagraph was added. According to the Explanatory Memorandum to the Proposal[6], the aim of the amendment was to help Member States prevent an unfair result arising from the operation of VAT groups. Thus, the second subparagraph allows Member States to adopt measures to prevent the VAT grouping provisions from giving rise to tax evasion or avoidance.

Following the recast of the Sixth Directive, Article 11 of the VAT Directive now contains the provisions on VAT groups. The recast modified neither the field of application of VAT grouping schemes nor their formal prerequisites.

Lastly, it should be stressed that this Communication does not refer to the concept of 'cost sharing arrangements', which on the basis of Article 132(1)(f) of the VAT Directive currently constitute a compulsory exemption for certain activities in the

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3 Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes-Common system of value added tax: uniform basis of assessment (OJ L 145, 13.6.1977, p. 1).

4 Proposal for a Sixth Council Directive on the harmonisation of legislation of Member States concerning turnover taxes-common system of value added tax: uniform basis of assessment (COM(73) 950, 20.6.1973).

5 Council Directive 2006/69/EC of 24 July 2006 amending Directive 77/388/EEC as regards certain measures to simplify the procedure for charging value added tax and to assist in countering tax evasion or avoidance, and repealing certain Decisions granting derogations (OJ L 221, 12.8.2006, p. 9).

6 Proposal for a Council Directive amending Directive 77/388/EEC as regards certain measures to simplify the procedure for charging value added tax and to assist in countering tax evasion or avoidance, and repealing certain Decisions granting derogations (COM(2005) 89 final, 16.3.2005).

public interest and a new form of which was also introduced in the recent Commission proposal regarding the VAT treatment of insurance and financial services[7]. As concepts, these cost sharing arrangements are in fact totally different from the VAT group concept, as they do not, for instance, have the effect of creating a new single taxable person.

3. ANALYSIS OF THE VAT GROUP PROVISION

Article 11 of the VAT Directive has to be interpreted in the light of the aforementioned original objectives.

3.1. Need for prior consultation of the VAT Committee

Consultation of the VAT Committee is obligatory before introducing a national VAT grouping scheme. The very wording of the provision makes it clear that a VAT grouping scheme can only be implemented after the VAT Committee has been consulted[8]. The Commission takes the view that this must be taken to mean that the obligation to consult the VAT Committee has to be fulfilled prior to the *publication* of the national rules governing the VAT grouping scheme. The same applies to substantive amendments to existing VAT grouping schemes.

In order to give full meaning to this provision, and in particular to allow a genuine discussion in the VAT Committee, such a consultation should take place sufficiently in advance.

Since the second paragraph of Article 11 is an integral part of the VAT grouping provision, the requirement to consult the VAT Committee also applies here even if this option is contained in a separate paragraph.

3.2. The main purpose of the VAT grouping option

The essential effect of implementing the VAT grouping option provided for in Article 11 is to allow taxable persons who are bound to one another by financial, economic and organisational links no longer to be treated as separate taxable persons for the purposes of VAT, but as one single taxable person. In other words, a number of closely bound taxable persons are merged into a new single taxable person for VAT purposes. This effect has been confirmed by the European Court of Justice in Case C-162/07, Ampliscientifica[9].

In this regard, a VAT group could be described as a 'fiction' created for VAT purposes, where economic substance is given precedence over legal form. A VAT group is a particular type of taxable person who exists only for VAT purposes. It is

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7 Proposal for a Council Directive amending Directive 2006/112/EC on the common system of value added tax, as regards the treatment of insurance and financial services (COM(2007) 747 final/2, 20.2.2008) and Proposal for a Council Regulation laying down implementing measures for Directive 2006/112/EC on the common system of value added tax, as regards the treatment of insurance and financial services (COM(2007)746 final/2, 20.2.2008).

8 See to that effect the judgment of the European Court of Justice in Case C-162/07, Ampliscientifica, paragraph 18 (OJ C 171 of 5.7.2008, p. 8).

9 Case C-162/07, Ampliscientifica, paragraph 19.

based on the actual financial, economic and organisational bonds between companies. Whilst each member of the group retains its own legal form, for VAT purposes only, the formation of the VAT group is given precedence over legal forms according to e.g. civil law or company law. Thus, by joining a VAT group, the group member for VAT purposes dissolves itself from any possible, simultaneously existing legal form and instead becomes part of a new separate taxable person for VAT purposes – namely, the VAT group.

From the treatment of a VAT group as a single taxable person, it follows logically that the group can only be identified for VAT purposes by a single VAT number in accordance with Article 214 of the VAT Directive, to the exclusion of any other individual VAT number. The use of just one number is dictated by the need, for both the economic operators and the tax authorities of the Member States, to identify with a degree of certainty those who are effecting transactions subject to VAT[10]. The individual identification number of each of the members may still be kept by the tax authorities, but only in order to enable monitoring of the internal activities of the VAT group.

3.3. Who can form a VAT group?

Under Article 11, Member States may regard as a single taxable person any persons established in the territory.

3.3.1. The notion of 'persons'

The Commission is of the opinion that the reference to 'persons' in Article 11 applies only to those who fulfil the criteria for being a taxable person for VAT purposes. Thus, an entity which is a non-taxable person, either because that person does not satisfy the definition in Article 9(1) or because it is a public body acting under the conditions set out in the first subparagraph of Article 13(1), cannot be a member of a VAT group.

It must be kept in mind that Article 11 falls under Title III 'Taxable persons' in the VAT Directive. Moreover, Article 11 does not provide for any derogation from the definition of a taxable person in Article 9(1) of that Directive.

It follows logically that the persons regarded as a 'single' taxable person must also be taxable persons in their own right, since the meaning of the 'grouping' concept is to 'group together' persons who are all engaged in activities falling within the scope of the VAT Directive. In this connection, the adjective 'single' implies that, without the group, there would be several taxable persons: the status of a taxable person is therefore implicitly present in the case of all the group members.

The term 'persons' has been used by the legislator in order to avoid repetition of the term ‘taxable persons’ rather than in order to include those not liable for tax. The same drafting technique is also consistently used in the different language versions[11]. This drafting technique has been used by the legislator elsewhere in the Directive,

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[10] Case C-162/07, Ampliscientifica, paragraph 20.

[11] The English version refers to 'persons', the French version refers to 'les personnes', the German version refers to 'ansässige Personen'.

inter alia in the first sentence of Article 9(2) where the term 'persons' has clearly been used to refer to taxable persons.

It is also clear from the settled case-law of the Court that the basic terms in the VAT Directive such as 'taxable person' and 'economic activities' are objective in nature, without regard to the purpose or results of the transactions concerned[12]. Moreover, in accordance with the purpose of the Directive, which inter alia is to found a common system of VAT upon a uniform definition of 'taxable person', that status must be assessed solely on the basis of the criteria laid down in that Directive[13].

The wording chosen by the Court in the Ampliscientifica case[14] confirms this interpretation. According to the Court:

> 'It follows that treatment as a single taxable person precludes persons who are thus closely linked from continuing to submit VAT declarations separately and from continuing *to be identified*, within and outside their group, *as individual taxable persons* […]'.

In the light of the foregoing, the Commission takes the view that it is essential that the application of VAT grouping schemes does not affect the concept of taxable person. Allowing non-taxable persons to join a VAT group would certainly affect that definition. Where a non-taxable person joins a VAT group, that person becomes part of that 'single' taxable person[15]. A non-taxable person who has neither rights nor obligations under the VAT Directive should not be able to become a taxable person on the mere ground that the non-taxable person joins a VAT group. This would be to circumvent the criteria determining what constitutes a taxable person.

3.3.2. The notion of a 'person established in the territory of that Member State'

3.3.2.1. Interpretation of this notion:

The very wording of Article 11 restricts the territorial scope of a VAT grouping scheme implemented by a Member State to persons established in the territory of that specific Member State. It is therefore crucial to know who can be regarded as 'established' within the meaning of this provision.

There is no existing guidance as to the meaning of that notion. The Explanatory Memorandum to the proposal for a Sixth VAT Directive does not provide any explanation in respect of the restriction of the territorial application to the Member State concerned.

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12 Case C-255/02, Halifax, paragraph 55 (OJ C 131, 3.6.2006, p. 1).

13 Case C-186/89 W.M. van Tiem, paragraph 25 (European Court reports 1990 Page I-04363).

14 Case C-162/07, Ampliscientifica, paragraph 19.

15 Opinion of the Advocate General on 24 April 1991, Case C-60/90, Polysar Investments Netherlands BV, paragraphs 8 and 9. The Opinion gave a set of reasons why only those liable for VAT should be permitted to be members of a VAT group. In particular the Opinion held that the second subparagraph of Article 4(4) of the Sixth VAT Directive was not aimed at amending the conditions for liability to tax which were set out in Article 4(1). Accordingly, the conclusion was drawn that Article 4(4) did not enable a Member State to treat two persons who were closely bound to one another as a single taxable person where it was established that one of those persons did not engage in any 'economic activity' for VAT purposes.

The Commission takes the view that 'established in the territory of that Member State' includes businesses with their seat of economic activity in the territory of the Member State implementing the VAT grouping scheme, but does not include those fixed establishments which are situated abroad. However, fixed establishments of foreign businesses situated in the territory of the Member State implementing the VAT grouping scheme must be included. Accordingly, only businesses with their seat of economic activity or fixed establishments of such businesses or of foreign businesses, physically present in the territory of the Member State that has introduced the VAT grouping scheme, may join a VAT group.

There are a number of arguments in support of such an interpretation:

– Firstly, it is in line with the current wording of the territoriality criterion in Article 11.

– Secondly, the territorial scope coincides with the VAT jurisdiction of the Member State implementing the VAT grouping scheme, and thereby also with the VAT identification requirements applicable therein. In this way the VAT grouping scheme remains easy to manage and control insofar as all the members of a group are subject to the rules of the same Member State.

– Thirdly, the notion 'established' within the meaning of Article 11 corresponds to 'established' as it can be found in other provisions of the VAT Directive and must be interpreted in the same way.

The main justification for excluding fixed establishments, situated abroad, of businesses with their seat of economic activity in the Member State implementing the VAT grouping scheme is the fact that they are not physically established in the territory of that Member State. Since the VAT grouping scheme is an optional mode, chosen by one Member State, it should not have the effect of extending beyond the physical territory of the Member State which has introduced the VAT grouping scheme. Otherwise the fiscal sovereignty of another Member State may be infringed. Moreover, if two Member States were to choose to introduce VAT grouping schemes, it is possible that the fixed establishment located abroad could form part of VAT groups in both Member States. Such a result is neither compatible with the basic principles of the common VAT system, nor manageable at national administration level. From the point of view of control, this is not an acceptable outcome.

While it is clear that Article 11 restricts the territorial scope of a VAT grouping scheme, it is likewise obvious that the interpretation must be in line with the economic requirements and the principle of freedom of establishment as set out in Article 43, read in conjunction with Article 48 of the EC Treaty, which enables fixed establishments of a foreign business to benefit from the same tax opportunities as those provided to businesses governed by national law in the Member State concerned. The abovementioned interpretation allows fixed establishments of foreign businesses situated in the Member State implementing the VAT grouping scheme to be included and to benefit from the same tax opportunities as those provided to the businesses in that Member State, and will therefore be in line with the EC Treaty.

3.3.2.2. Link with the FCE Bank case

In the FCE Bank case[16], the Court stated that a fixed establishment, which is not a legal entity distinct from the company of which it forms part, established in another Member State and to which the company supplies services, should not be treated as a taxable person by reason of the costs imputed to it in respect of those supplies. Thus, a supply of services within the same legal entity does not fall within the scope of VAT.

The exclusion of fixed establishments situated abroad of a taxable person in the Member State which has introduced the VAT grouping scheme may at first glance seem inconsistent with the FCE Bank ruling. However, this ruling makes no reference whatsoever to the situation of a VAT group. Furthermore, it should be noted that, by joining a VAT group, the taxable person becomes part of a new taxable person, the VAT group and, consequently, dissolves itself for VAT purposes from its fixed establishment located abroad. This means that if a taxable person joins a VAT group, any services it subsequently supplies to its fixed establishment abroad would be considered as supplies made between two separate taxable persons. That the fixed establishment situated abroad is excluded from being eligible for a VAT group in that Member State is therefore not at variance with the FCE Bank ruling.

3.3.3. All activities included and only member of one VAT group at a time

Because a VAT group is considered as a single taxable person, identified through the use of one single VAT identification number, all activities of the group members have to be included. A group member with several fields of activity in the Member State which has introduced the VAT grouping scheme should, therefore, not be able to exclude one or more of its activities from the VAT group of which he forms part, except for activities carried out by establishments situated outside of that Member State.

For the same reason, national VAT grouping schemes should preclude taxable persons from joining more than one VAT group at a time. This is also essential from a tax monitoring perspective.

3.3.4. The condition of 'financial, economic and organisational links'

The Commission is of the opinion that this condition is to be interpreted as meaning that all three links have to be met during the entire time a VAT group exists and, that any member no longer fulfilling all three links, should be required to leave the VAT group. The reasons for this are the following:

– First, it follows from the use of the coordinating conjunction 'and' that the conditions are cumulative.

– Second, since the VAT group is a special concept of taxable person and thus functions on an exceptional basis, it is essential that it is linked to fairly strict conditions, which is ensured by the accumulation of the above-mentioned requirements.

[16] Case C-210/04, FCE Bank (OJ C, 3.6.2006, p.14).

– Third, such an accumulation contains further guarantees against abusive application of VAT groups, since it helps to exclude purely artificial structures devoid of any economic significance.

In view of the general principles guiding this provision, the Commission considers that the following definitions of the three links could serve as guidelines.

The *financial link*: Defined by reference to a percentage of participation in the capital or in voting rights (over 50%), or defined by reference to a franchise contract. This guarantees that one company has the actual control of another.

The *economic link*: Defined by reference to the existence of at least one of the following situations of economic cooperation. The principal activity of the group members is of the same nature, or the activities of the group members are complementary or interdependent, or one member of the group carries out activities which are wholly or substantially to the benefit of the other members.

The *organisational link*: Defined by reference to the existence of a shared, or at least partially shared, management structure.

3.3.5. To which business sectors should a VAT grouping scheme apply?

A VAT grouping scheme needs to be open to all sectors of economic activity in the Member State which introduces such a scheme. This follows from the wording of Article 11, where there is no limitation to certain sectors. Moreover, this follows from the principle of fiscal neutrality. A national VAT grouping scheme cannot be introduced only for some sectors, as this would favour certain businesses over others and might also be open to criticism from a State aid viewpoint (selectivity).

Limitations to the availability of the VAT grouping scheme could be justified only if there is a need to take action against potential abuse for clearly identified transactions. Without such a justification it is not acceptable for a VAT grouping scheme to be confined by national law to a particular sector, such as the financial or insurance sector, for example.

3.4. The rights and obligations of a VAT group

3.4.1. On whom do the obligations fall?

Since a VAT group is considered to be a single taxable person, it follows that the group is subject to the same rights and obligations as any other taxable person and that all the provisions of the VAT Directive, as well as the rulings by the European Court of Justice, apply to it. Thus, the obligations fall on the VAT group as such, not its members. Therefore, when creating a national VAT grouping scheme, it is essential to design the scheme within the Community legal framework set out for ordinary taxable persons.

The single VAT number of the VAT group is to be used, for example, when issuing invoices for supplies of goods or services deemed to have been carried out by the VAT group.

Like any other taxable person, the VAT group must submit VAT returns and, where appropriate, recapitulative statements. The VAT return will consist of the group's net sum of VAT derived from each individual member, account being taken of the fact that transactions between members do not give rise to the charging or payment of VAT. This means that the VAT claims of certain members of the group are credited against the VAT debts of other members: for VAT purposes, both claims and debts are claims and debts of the VAT group and not of the individual members. In the Ampliscientifica case[17], the Court held that the treatment as a single taxable person precludes persons who belong to a VAT group from continuing to submit VAT returns separately as individual taxable persons, since the single taxable person alone, i.e. the VAT group, is authorised to submit such returns.

It follows from this that the VAT group option is primarily an administrative simplification measure.

3.4.2. Treatment of supplies to or from third parties

As regards third parties, the VAT group acts as a single taxable person. As a consequence, all supplies of goods and services made by any of the group members for a recipient not belonging to the group are deemed to have been carried out by the group itself, not by the individual member. In the same way, supplies of goods and services by third parties to one or more of the members of the group are considered to have been made to the group itself. Similarly, imports and intra-Community acquisitions made by the members of the group are deemed to be effected by the group itself. Thus, the VAT situation of the group and the treatment of its incoming and outgoing transactions are fully comparable to those of a taxable person with different branches.

3.4.3. Intra-group supplies

As regards the VAT group's internal transactions, i.e. transactions for consideration between the individual members, it also follows from the VAT group being treated as a single taxable person that these transactions should be deemed to have been carried out by the group for itself. This is one of the most important consequences of forming a VAT group, since, except for any deemed supplies (Articles 16, 18, 26 and 27), the VAT group's internal transactions for consideration do not exist for VAT purposes; they are 'out of scope'. It follows from this that the VAT group option may also have cash flow advantages for businesses.

3.4.4. Rights and obligations when a VAT group is formed or dissolved

At the same time as the VAT group becomes a single taxable person, the VAT rights and obligations of the individual members are automatically transferred to the VAT group. The same applies when a taxable person joins an already existing VAT group.

Article 11 does not contain any provision on how long an individual member must remain a member of the VAT group. The second paragraph of Article 11 does, however, permit Member States to adopt measures in order make sure that no unjustified advantage is derived from the VAT grouping scheme. The Commission

[17] Case C-162/07, Ampliscientifica, paragraph 19.

takes the view that this allows for measures such as laying down a minimum time for membership to be taken.

Since the VAT group is regarded as a single taxable person, which has assumed the members' rights and obligations regarding VAT, it follows that when a VAT group ceases to exist the rights and obligations assumed by the group revert to the individual members from the moment the VAT group ceases to exist. Simultaneously, the former members of the group return to the status of individual taxable persons. The same applies in a situation where a member leaves the group.

3.5. The right of deduction of a VAT group

3.5.1. Rules on the right of deduction applicable to the VAT group

The treatment of the VAT group as a single taxable person for VAT purposes has the effect that the right to deduct input VAT is determined on the basis of the transactions of the group as such with third parties.

In this context, the rules concerning adjustment to the right of deduction will need to be properly applied, e.g. when a taxable person enters or leaves the group, or if the activities of a group member change in such a way that the right of deduction of the group needs to be changed.

In this respect it should be recalled that, in order to determine the deductible VAT, Article 173 offers Member States different options. While the general rule is the deductible proportion rule (the 'pro-rata') as set out in Articles 174 and 175, a system of direct attribution may also be used to better reflect actual use.

With these options, there is scope for significant differences between the Member States as regards the methods used to determine the right to deduct input VAT, which may result in differences in the deductible amount of VAT in Member States. Moreover, there are no common rules for limiting the right to deduct input VAT in respect of expenditures which are not strictly business expenditure, for which Member States may be able to restrict deduction pursuant to Article 176.

3.5.2. The impact of a VAT group on the right of deduction

One of the most important consequences of forming a VAT group is the 'disappearance', from a VAT perspective, of the transactions between the members of the group. In a VAT group consisting only of taxable persons with the right to full deduction, the effect on the tax revenue is neutral for the Member State in whose territory the VAT group operates.

However, in a VAT group consisting also of taxable persons with no right of deduction or a right of partial deduction, it may be that the effect on the tax revenue is no longer neutral. Non-deductible VAT payable in respect of taxable transactions carried out by one of the members of the group to the benefit of another member who has no right of deduction or only a right of partial deduction is effectively lost for the State, since internal transactions are non-existent for the purposes of VAT. In that respect, the VAT group neutralizes VAT costs incurred on intra-group transactions.

It follows that a VAT grouping scheme can offer financial advantages to VAT groups which include members with no right of deduction or a right of partial deduction. These advantages can vary depending on the implementing modalities chosen by Member States, in particular as concerns the rules relating to the right of deduction.

The Commission takes the view that it is of the utmost importance that Member States ensure the correct and full application of Community rules governing the right of deduction of VAT groups.

3.5.3. The need to take anti-avoidance measures

Additionally, the second paragraph of Article 11 allows Member States to adopt any measures needed to prevent tax evasion or avoidance.

It should also be recalled that, in the Halifax judgment[18], the Court has made it clear that Member States are empowered to combat abusive practices.

The Commission in any event takes the view that no unjustified advantage or unjustified harm should arise from the implementation of the VAT grouping option.

Bearing in mind the original objectives of VAT grouping option, which should be seen predominantly as a simplification measure, no scheme based on that option should distort competition or run counter the principle of fiscal neutrality. A situation where the VAT group option is used to attract businesses in specific Member States, and thus be a source of fiscal competition between them, needs to be avoided.

It is therefore of the utmost importance that Member States make use of this option and take all necessary measures to avoid tax evasion or avoidance, as well as abusive practices, carried into effect through the use of their national VAT grouping schemes. No unjustified advantage or unjustified harm should arise from the implementation of the VAT grouping option.

4. CONCLUSIONS

The Commission invites the Council and the European Parliament to take note of its position on VAT grouping schemes as set out in this Communication with a view to

- Contribute to a more uniform application of Article 11 of the VAT Directive, thereby avoiding negative impacts on the internal market and contradictions with the basic principles of the Communities' VAT system;

- Serve as guidelines for Member States when introducing VAT grouping schemes into their national legislation or when amending such schemes.

This Communication does not affect the Commission's role as guardian of the Treaties pursued in accordance with Article 211 of the Treaty.

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[18] Case C-255/02.