



## ***“The voice of SMEs in Europe”***

### **Press Release**

FOR IMMEDIATE ISSUE

#### **VAT deal falls foul of narrow-minded Member States**

**Brussels, 25 January 2006** The failure by EU Finance Ministers to reach an agreement on prolonging the reduced VAT package again yesterday (Tuesday) has been severely criticised by UEAPME, the European small and medium business organisation.

“It is deeply disturbing that a handful of Member States took the narrow-minded decision to block agreement on a scheme that has no impact on their own domestic markets. There was a fair compromise on the table, which included the new Member States, but three Member States have used their veto to try and blackmail the other twenty-two into changing the terms of their accession agreements. Prolonging the reduced rates for these locally operating service providers (home renovations, hairdressers etc.) has no real impact on cross border trade. This situation reflects very poorly on the decision-making ability of Council and can only serve to undermine confidence in the EU among its,” said **Hans-Werner Müller**, Secretary General of UEAPME.

“Small businesses in these vulnerable labour-intensive sectors would be forced out of the market if there is an instantaneous hike in VAT rates, as consumers would be hit by 14% price rises. The negative effects of such an outcome on employment in these sectors cannot be understated. UEAPME is calling on the Commission not to put these businesses and jobs at risk and to allow the continued application of the reduced rates until Finance Ministers reach a definitive agreement. The three blocking Member States must realise the impact of their continued veto and we urge them to accept the reasonable compromise before it is too late,” concluded Mr Müller.

\*\*\*\*\* End \*\*\*\*\*

**EDITORS’ NOTE:** UEAPME is the employer’s organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 78 member organisations, which represent crafts and SMEs across Europe, covering over 11 million enterprises with 50 million employees. UEAPME is a European Social Partner.

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