



RESOLUTION ON THE THREAT OF NEW VAT REGULATIONS

ADOPTED BY THE COUNCIL OF MEMBERS/
EXTRAORDINARY GENERAL ASSEMBLY
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The young civil society facilitates social inclusion, participation and influence, meaningful leisure time and ways to create political change, for millions of young people all over Europe. Young people getting together in organisations constitute an important part of Europe. In the context of a global financial crisis, which to a large extent will affect the young generation, the European community should strengthen and encourage civil society, instead of hindering it. The European Commission should therefore take civil society's considerations into account when developing the future EU Value-Added Tax system.

Most EU countries have special regulations for civil society organisations concerning taxes. For thousands of organisations, mainly those that do not compete in any market but facilitate volunteering activities, value-added tax is not obligatory to pay. This is an integral part of strengthening civil society and to acknowledge the special benefit numerous organisations bring to their societies. Some countries also apply this principle to small and medium-sized enterprises, which make up for a large part of the enterprises in Europe.

The issue of VAT for civil society has been debated in many arenas in the last years, especially with regards to the ambition of the European Commission to change the VAT regulations system thoroughly (declared in a Green Paper issued in 2011) to make civil society organisations obliged to pay it. The European Parliament adopted a statement concerning VAT for civil society, underlining that:

“Non-profit-making organisations play a vital and very beneficial role in furthering democracy, growth and prosperity in Europe; calls on the Commission to propose a mechanism allowing Member States wishing to strengthen civil society to generally exempt from VAT all or most of the activities and transactions carried out by these organisations; stresses that at least the smaller non-profit-making organisations should be covered by such a mechanism”. (Resolution [2011/2082\(INI\)](#), the European Parliament 13 October 2011)

The Nordic countries have been advocating for these mechanisms to be included in the European Commission's proposal concerning the future of VAT, and Sweden also asked for exceptions for civil society if these mechanisms are not included. On 6 December 2011, the European Commission declared that the requests of exception were not going to be considered, and the work will proceed according to the Commission's position, to ban VAT exceptions all over the EU - in opposition to opinions of numerous Member States and the European Parliament. The main argument is to not hinder competition on the internal market of the EU.

So, what do we risk with the future policy on VAT? In a pan-European context, civil society comprises of many different kinds of actors, and regulations largely differ from country to country. The effects of introducing the VAT for civil society in Europe would be that many small and large organisations would be burdened administratively, not only in the Nordic region but also in many countries all over the EU.

The agenda from the European Commission with regards to VAT is in sharp contrast to the outcome communication of the European Year on Volunteering, also issued by the Commission. The communication stated: "Member States should remove remaining obstacles which directly or indirectly impede volunteering in general and in

particular cross-border volunteering. “ (COMM 2011:0568)

A large part of civil society does not compete with enterprises on the internal market; the objectives and visions are not to make profit or business, but to create a better Europe for young people. In the current financial crisis with increasing youth unemployment, youth organisations are important actors for Europe not to lose an entire generation of young people to social exclusion and hopelessness.

Therefore, the Council of Members directs the Board of the European Youth Forum to:

- *Lobby for the European Commission to support and enable a mechanism to exempt civil society from VAT in the EU.*

- *Ensure that the European Commission recalls its position concerning the European Year on Volunteering.*