



Parlement européen

Pervenche Berès

Députée européenne

Présidente de la Délégation socialiste française

Coordinatrice S&D de la Commission économique et monétaire

Ms. Margrethe Vestager
Commissioner for competition
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium

Brussels, 25 October 2016

Dear Commissioner,

Let me first thank you for the productive exchange we had during the economic and monetary affairs committee meeting on Monday 10 October.

As agreed during our informal discussion after the meeting, I am writing to you to address the competition case regarding the pork industry notably in France. For several years, French farmers have been calling for an inquiry at the European Union level regarding an undue 250 million euros VAT advantage their German competitors may have benefited from between 2008 and 2012.

In France, the 'Association against fiscal dumping in the agricultural sector in Europe' (UGPVB), created by different regional and national organisations, have asked legal experts to analyse the problem and assess its financial impact.

Their study shows that the issue mainly concerns the interpretation of directive 2006/112/CE on the common system of value added tax (VAT). Title XII chapter 2 of this directive is meant to allow small companies, that cannot afford complex accounting scheme, to use a flat rate VAT. While German pork producers, by subdividing one farm into multiple legal entities, can use this provision disregarding the effective size of their company, in France it is only applicable to agricultural businesses with an annual profit under €46.000. This results in a market distortion, with a difference of more than 1 euro per pork sold. It is seen as an aggressive tax planning and a state aid by the French pork industry.

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The UGPVB has lodged a formal complaint with the European Commission on 15 December 2015. I would therefore like to know:

- i) whether you are the Commissioner in charge of this dossier within the College;
- ii) should it be considered as a state aid;
- iii) in the context of the Action Plan on VAT published on 7 April 2016, what measures will be taken to avoid any misuse of the agricultural flat rate scheme.

Fully aware that some aspects of this dossier might require not only your perspective but also the one from Pierre Moscovici as Commissioner in charge of taxation, I will also write to him.

Yours sincerely,



Pervenche Berès

cc: Commissioner Moscovici

cc: Commissioner Hogan