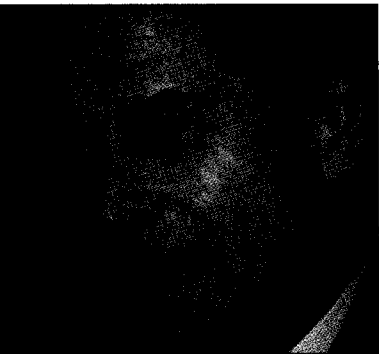


NEWS



Philippe Bodson, of lobby group Free and Fair Post Initiative, welcomed a level-playing field for VAT on postal services across the EU.

Users welcome VAT on postal services

BRUSSELS - Private couriers and large post users have welcomed European Commission proposals for VAT on national public postal operators. If passed, the EC directive will force EU member states to apply VAT, albeit at a reduced rate, on all public postal services to avoid competitive distortions. National post offices in many countries, unlike private couriers, are currently exempt from VAT on mail up to 2kg. But they will be able to recoup VAT for the first time on costs such as vehicles and fuel, which should avoid price hikes to consumers, according to the EC. "The proposal would make the VAT system fairer and level the playing field for all operators, leading to improved postal services for everyone," said Frits Bolkestein, European taxation and internal market commissioner. Philippe Bodson, president of Brussels-based Free and Fair Post Initiative, representing private couriers and large users such as retailers and publishers, welcomed the plan: "This measure... will reduce market distortions in Europe in the long run." But Bernard Mirailles, chair of the VAT working group in PostEurop, the 43-country association of European public postal operators, said his members would be studying the proposed directive carefully as some countries were already charging VAT on basic postal services. Mark van der Horst, chair of the European Express Association's market reform committee, said he thought the plan was "not a serious concern" to his members.