

THE DIRECTOR GENERAL

Mrs Mateja Vraničar
Head of Department,
Department for Tax and Custom Policy and Legislation
Slovenian Ministry of Finance

Mr Alexander Wiedow
Director,
Indirect taxation and tax administration
DG Taxud, European Commission

Brussels, 5 March 2008

Dear Ms Vraničar, dear Mr Wiedow,

Leaseurope and Eurofinas would like to thank you for listening to our concerns relating to the proposals for a Directive and Regulation on VAT for financial services and insurance during the stakeholder meeting hosted by the CEA on 6 February.

Mr Wiedow's assurances during the meeting that most of the products we represent should be covered by Art 153 new 1c of the new Directive were very helpful.

Nevertheless, we would like to stress the following two points:

- 1) Art 153 new 1c is currently expressed in the **negative**:
"Where the supply of goods or services includes the granting of credit which is **not** set out separately, the grant of credit shall **not** be a distinct service exempted under point (b) of paragraph 1."

This provision may benefit from being rewritten in a more straightforward manner, to avoid all possible ambiguities. We would thus suggest rewording it in the positive as follows:

"Where the supply of goods or services includes the granting of credit which is set out separately, the grant of credit shall be a distinct service exempted under point (b) of paragraph 1."

- 2) The message that we aimed to convey during the stakeholder meeting was that the principles set out in the Directive are mostly sound and likely to include the credit products we represent within the exemption for financial services. Our major concern however lies with the **current wording of the regulation** (in particular Art 3 § 1 and 2 of the Regulation).

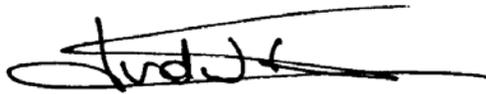
This is because the vocabulary used within the Regulation does not correspond to that used in the Directive and our members are concerned that the lists of exempted and non exempted services may be seen as being contradictory, a situation which is not conducive to achieving legal certainty.

Our concerns are fully summarised in an **updated** version of the handout distributed to you during the stakeholder meeting attached to this letter.

We would like to stress that our members fully support this position and are taking measures to inform their relevant local authorities of these concerns. Consequently, we are confident that a consistent message will be conveyed to you during the various upcoming Council working party meetings and other discussions on this dossier.

For any further information you may require on the above points or the attached handout, please do not hesitate to contact me or Jacqueline Mills at j.mills@leaseurope.org or +32 2 778 05 66

Yours sincerely,



Tanguy van de Werve

Copy to:

- Mr Rolf Diemer, Head of Unit, Unit VAT and Other Turnover Taxes, DG Taxud/D
- Mr Arthur Kerrigan, Head of Sector – VAT Policy and Legislation, Unit VAT and Other Turnover Taxes, DG Taxud/D
- Mr Burkhard Hein, Policy Officer VAT Legislation, Unit VAT and Other Turnover Taxes, DG Taxud/D

About Leaseurope and Eurofinas

Leaseurope, the European Federation of Leasing Company Associations, is composed of 47 Member Associations in 34 countries. It represents as an umbrella body the European leasing and automotive rental industries. In 2006, its leasing members accounted for 92% of the European leasing market. During the course of 2006, the companies represented via Leaseurope financed in excess of 297.5 billion euros of new investments in vehicles, equipment and real estate.

Eurofinas, the European Federation of Finance House Associations, is the main voice of the specialised consumer credit industry at European level. The Federation represents 16 Member Associations, in turn bringing together over 1 000 finance houses, captive companies, specialised and universal banks, the focus of which is consumer credit and car financing. Together, Eurofinas members granted new credit worth 380 billion euro in 2006.