



Mr Fernando Teixeira dos Santos
Minister of Finance and Public
Administration
Av. Infante D. Henrique, 1
1149-009 Lisboa
Portugal

Brussels, 26 November 2007

Dear Minister,

Under your leadership, the forthcoming ECOFIN Council will address issues that are of crucial importance for European business, and notably the proposed measures to tackle tax fraud and to simplify the VAT system.

BUSINESSEUROPE fully endorses the fight against tax fraud which affects first and foremost legitimate business acting in good faith. Additional measure should be targeted to catch increasingly organised and internationally structured fraudsters. However, a number of anti-fraud measures currently under discussion at EU level miss their objective and will imply substantial additional administrative burdens. The business community considers that reporting obligations requiring details by individual invoice are unacceptable. BUSINESSEUROPE believes in a targeted approach based on efficient risk management.

The European VAT system is already an important generator of excessive compliance costs. Further obligations on companies risk derailing the Lisbon target to reduce administrative burdens by 25% until 2012. The business community therefore calls upon the ECOFIN Council to swiftly implement the tabled simplification measures under the so-called "VAT package" and to reject requests for additional reporting requirements. If business-to-customer issues cannot be solved, the Council should accelerate the implementation of the business-to-business component of the package.

We hope that the Portuguese Presidency supports our quest for a better growth environment and for an effective fight against tax fraud.

Yours sincerely,

Philippe de Buck