

GILES CHICHESTER MEP

for the South West and Gibraltar

PRESS LETTER

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To the Editor, Letters

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Dear Editor

There is no doubt that our Government's decision to reduce VAT by 2.5 percent did little to stimulate the UK economy. It placed an expensive administrative burden on business for little return. It was a failure.

EU Finance Ministers have, however, agreed plans to introduce a 5 percent band of VAT which will be targeted towards those services which are labour intensive. This tax cut will benefit, amongst others, the housing sector, maintenance services, restaurants and personal and domestic care services, but it will only apply within Member States. The VAT cut will not be eligible for cross border services.

This plan received my full support and that of my Conservative colleagues when it was put before the European Parliament. It will shortly become law but it will be left to each EU Member Government to decide whether it should introduce this VAT cut.

I strongly urge Gordon Brown not to dither but to introduce this VAT cut as soon as possible. It will give a much needed boost to high street businesses and, in particular, our housing industry.



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Conservatives in the European Parliament