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Labour's proposed VAT rates revision impossible, says EU

JAMES DEBONO

LABOUR will revise VAT rates on educational supplies and services such as books and school uniforms, its deputy leader Charles Mangion told MaltaToday. But the party faces a clash with the European Commission, which says the proposal is not possible.

Mangion said a future Labour government will revise VAT on education on the basis of the EU

directive regulating VAT, but a spokesperson for the Commission's representation in Malta told MaltaToday that according to EU law, "Malta cannot exempt or impose lower rates than the normal 18% VAT rate applied in Malta to school uniforms, shoes and carrying bags for students and other goods related to education."

The Commission also said Malta is also abiding to the EU directive by imposing a 5% VAT

on books.

Despite Prime Minister Lawrence Gonzi's claim that "there is no VAT on education", the VAT department's own website confirms that a full 18% VAT rate is imposed on school uniforms and a reduced 5% on all books irrespective of whether these are used for educational or other purposes.

EU law on VAT only exempts the actual provision of children's or young people's education,

school or university education, vocational training or retraining from VAT.

But the same directive states that this exemption could also include "the supply of services and of goods closely related to the provision of education" by educational bodies recognised at law.

These services and goods are exempted from the directive as they serve "the public interest."

"We think that in terms of the

above directive we have strong arguments to exempt educational materials from VAT," the Labour deputy leader and finance shadow minister told MaltaToday.

Mangion said education definitely fits the definition of public interest especially in Malta's case which suffers from the highest level of early school leavers in the EU.

The Commission's spokesperson acknowledged that schools and other insti-

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SHOULD THE TOUPÉE BE DOING THE TALKING? PG20 • A GUNSHOT COUNTRY PG19

The Prime Minister Lawrence Gonzi opened last Friday's PN general conference. With budget day set for the 15 October and budget parliamentary debates coming to a close in the beginning of November, the chances of calling an early national election seem highly unlikely with the probability of an election set for 2008. Today the Prime Minister is expected to close the conference. He is expected to pay particular attention to family issues and their financial situation.

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Investigators may have to resort to secret services

KARL SCHEMBRI

POLICE detectives may resort to the security services in their arsons investigations after an appeals court last Wednesday ruled against the disclosure of location data to investigators that would identify mobile phone owners who were close to the scenes of the crimes.

Judge Philip Sciberras closed the door to the police in his sentence dismissing their requests for information collected from

mobile bay stations in connection with last year's arson attacks on migrants' rights campaigners and journalists.

Police sources say the only avenue left for investigators to acquire the data from Vodafone and Go Mobile would be through the involvement of the security services.

This is because despite the Data Protection Commissioner's ruling in favour of the disclosure of the data and a subsequent Data Protection Appeals Board confirmation

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70% give thumbs down to State funding of parties

Majority think party donors are influencing political decisions

maltatoday survey

JAMES DEBONO

Which party receives most donations from businessmen? (%)

PN 51.7
MLP 0.7
PN/MLP..... 8.3
Don't know..... 39.3

Are parties influenced by donors when taking political decisions? (%)

Yes 70.3
No 11.0
Don't know..... 18.7

THE majority of the Maltese do not want to fund political parties from their taxes, with only 32 per cent agreeing with a system of State funding.

The suggestion to introduce State funding for political parties was made by Prime Minister Lawrence Gonzi in the wake of the controversy generated by PN secretary general Joe Saliba's boat trip with Zaren Vassallo.

The vast majority of respondents believe that donations from big business interests influence political parties in their decisions.

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