

## VAT RATES RISING ACROSS EUROPE

VAT increases are set for introduction across Europe as countries look for ways to plug their rising deficits.

According to the latest EU VAT Tracker from TMF VAT Services, the average weighted rate will hit almost 20 per cent by 2010, up from 18.6 per cent in 2006.

Spain is preparing to bring in a two per cent rise in VAT, while Finland will increase its rate by one per cent next year.

In the UK, the 2.5 per cent reduction introduced in December 2008 is due to end on January 1st 2010, bringing VAT back to 17.5 per cent.

Richard Asquith, managing director of TMF VAT Services, said the VAT burden on consumers is likely to increase further thanks to "record-breaking" government deficits in all countries.

"Without doubt, other large European countries will follow suit and push VAT rises back to the top of their tax strategies," he remarked.

A number of senior retail figures have urged the UK government to delay the planned increase in VAT to avoid putting extra pressure on vendors during the busy new year sales period.