

(English version)

**Question for written answer E-003838/25
to the Commission
Jorge Buxadé Villalba (PFE)
(1 October 2025)**

Subject: Cutting VAT to mitigate the high cost of living

Over the last 10 years the consumer price index for the EU as a whole has surged by more than 30%, chiefly as a result of the policies adopted by the EU in recent years. Specifically, since Von der Leyen took over as President of the Commission in 2019, the cost of a Spanish shopping basket has rocketed 34% ⁽¹⁾, while wages have flatlined.

The high prices faced by consumers each day are subject to VAT, which swells the cost of everything they buy by around 20%.

Given that VAT is an EU competence and it has set the minimum standard rate at 15% ⁽²⁾:

1. Does the Commission consider that cutting rates in the VAT Directive could lead to an increase in Europeans' purchasing power and thus ultimately mitigate the high cost of living?
2. Does the Commission intend to revise this directive to establish more exceptions and set lower rates in order to alleviate the tax burden?
3. Is the Commission considering foregoing VAT revenue, with the consequent reduction in the EU's budget and dimensions?

Submitted: 1.10.2025

**Answer given by Mr Hoekstra on behalf of the European Commission
(11 November 2025)**

1. The Commission already proposed ⁽¹⁾ giving more flexibility to Member States in the setting of value added tax (VAT) rates which resulted in a comprehensive reform recently adopted by the Council ⁽²⁾.
2. Reducing the level of the VAT standard rate in the VAT Directive ⁽³⁾ is in itself unlikely to bring down the price level, because all Member States apply a standard rate higher than the minimum set in the directive; and as for reduced rates, Member States already enjoy considerable leeway after the last reform. As such, the level of VAT actually applied derives from Member States' decision rather than from EU rules.
3. Member States decide the level of VAT applied at national level leading to the VAT-based own resources due to the EU budget. They jointly determine the size of that budget via the multiannual financial framework. The total expenditure is largely financed through Member States' own resources contributions including traditional, VAT-based, and plastics own resources, with the gross national income-based own resource acting as a balancing tool ensuring all authorised expenses are paid. Consequently, changes to the national VAT rates do not change the size of the EU Budget.

¹ <https://es.euronews.com/business/2025/09/27/los-europeos-pagan-un-tercio-mas-por-llenar-la-cesta-de-la-compra-que-en-2019-en-espana-un?>

² Directive 2006/112/EC

⁽¹⁾ Proposal for a Council Directive amending Directive 2006/112/EC as regards rates of value added tax (COM(2018) 20).

⁽²⁾ Council Directive (EU) 2022/542 of 5 April 2022 amending Directives 2006/112/EC and (EU) 2020/285 as regards rates of value added tax (OJ L 107, 6.4.2022, p. 1).

⁽³⁾ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).