

4. THE VIVANT WAY OF COLLECTING CONSUMPTION TAX

By its nature, VAT is a tax that is recuperated, and thereby an occasion for fraud. VIVANT aims to limit occasions for fraud and in particular the VAT circuits, and proposes two methods :

1. To limit companies recuperation of consumption tax

The consumption tax paid on goods used only in the production or manufacture of finished goods is recuperable because the former, being inputs, are not consumed as end products.

All inputs into production processes, such as raw materials or intermediate materials (fuel, packaging, vehicle and machine maintenance, etc.) are considered intermediate products and any VAT or consumption tax paid on them can be recuperated because they contribute directly to the process of manufacture or transformation.

On the other hand, consumption tax paid on purchasing investments in finished products which do not necessarily contribute to manufacture or transformation (such as buildings, machines, computers, office furniture, heating, vehicles, telephonic and other equipment) is not recuperable.

2. To limit the number of actors in the market who actually collect consumption tax :

either by collection at the factory gate, as is suggested by Pierre Aunac, a French economist (This is the whole point of a consumption tax conceived as a social VAT, paid directly by corporations to the social organisations, as social contributions now are.)

or by collection at the wholesaler level

For example, the recuperation system should obviously apply to a wholesaler of heating equipment. But there is no point in applying it to those who install the heating systems. For control purposes, resources could thus be concentrated on the one wholesaler rather than spread between his 50 customers who install his goods. In practice, then, the latter would not have to claim reimbursement of consumption tax.

The same would apply to small retailers such as bookshops, florists, cafés and restaurants.

Collection of consumption tax will thus be carried **out more economically and effectively**, at a limited number of points in the distribution chain, and may be combined with fiscal, health and environmental traceability at the European level.

Jean-Paul BRASSEUR
(responsible for VIVANT-EUROPE)