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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	18 January 2018
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2018) 20 final
Subject:	Proposal for a COUNCIL DIRECTIVE amending Directive 2006/112/EC as regards rates of value added tax

Delegations will find attached document COM(2018) 20 final.

Encl.: COM(2018) 20 final



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2018/0005 (CNS)

Proposal for a

COUNCIL DIRECTIVE

amending Directive 2006/112/EC as regards rates of value added tax

{SWD(2018) 7 final} - {SWD(2018) 8 final}

instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified.

- (11) Derogations under Chapter 4 of Title VIII of Directive 2006/112/EC and Annex X to Directive 2006/112/EC should expire on the date of entry into force of the Directive as regards the introduction of the detailed technical measures for the operation of the definitive VAT system based on the principle of taxation in the Member State of destination. This Directive and the Directive as regards the introduction of the detailed technical measures for the operation of the definitive VAT system based on the principle of taxation in the Member State of destination should therefore be transposed by the same date, and the national provisions necessary to comply with those Directives should be applied from the same date. Until that date, current provisions on rates provided for in Directive 2006/112 EC, including its annexes, should remain applicable.
- (12) Directive 2006/112/EC should therefore be amended accordingly,
- HAS ADOPTED THIS DIRECTIVE:

Article 1

Directive 2006/112/EC is amended as follows:

- (1) In Article 94, paragraph 2 is deleted;
- (2) Article 98 is replaced by the following:

'Article 98

1. Member States may apply a maximum of two reduced rates.

The reduced rates shall be fixed as a percentage of the taxable amount, which shall not be less than 5%.

2. By way of derogation from paragraph 1, Member States may in addition to the two reduced rates apply a reduced rate lower than the minimum of 5% and an exemption with deductibility of the VAT paid at the preceding stage.

3. Reduced rates and exemptions applied pursuant to paragraphs 1 and 2 shall only benefit the final consumer and shall be applied to pursue, in a consistent manner, an objective of general interest.

The reduced rates and exemptions referred to in paragraphs 1 and 2 shall not be applied to goods or services in the categories set out in Annex IIIa.';

- (3) Article 99 is deleted;
- (4) the following Article 99a is inserted:

'Article 99a

While setting the rates referred to in Articles 97 and 98, Member States shall ensure that the weighted average rate, calculated in accordance with Article 4 of Council Regulation (EEC, Euratom) No 1553/89 (*), exceeds 12% at any given time.

(*) Council Regulation (EEC, Euratom) No 1553/89 of 29 May 1989 on the definitive uniform arrangements for the collection of own resources accruing from value added tax (OJ L 155, 7.6.1989, p. 9);

- (5) Article 100 is replaced by the following:

'Article 100

By 31 December 2026 and every five years thereafter, the Commission shall submit to the Council a report on the scope of Annex IIIa, accompanied by any proposals to amend that Annex, where necessary.';

- (6) Articles 101, 102, 103 and 104a are deleted;

- (7) Article 105 is amended as follows:

- (a) paragraph 1 is deleted,

- (b) paragraph 2 is replaced by the following:

'2. Portugal may, in the case of transactions carried out in the autonomous regions of the Azores and Madeira and of direct importation into those regions, apply rates lower than those applicable on the mainland. However, the standard rate shall not be less than 15%.';

- (8) in Title VIII, Chapter 4 is deleted; ΕΛΛΑΔΑ .
- (9) in Article 316(1), point (c) is deleted;
- (10) in Article 378(2), point (b) is deleted;
- (11) in Article 387, point (c) is deleted;
- (12) Annex III is deleted;
- (13) Annex IIIa, as set out in the Annex to this Directive, is inserted.

Article 2

1. Member States shall adopt and publish, by the date corresponding to the date of transposition of the Directive as regards the introduction of the detailed technical measures for the operation of the definitive VAT system based on the principle of taxation in the Member State of destination at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.

They shall apply those provisions from the date corresponding to the date of the application of the provisions necessary to comply with Directive as regards the introduction of the detailed technical measures for the operation of the definitive VAT system based on the principle of taxation in the Member State of destination.

The Commission shall publish a notice in the Official Journal of the European Union indicating the dates referred to in the first and the second subparagraphs.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.