

Value added tax (VAT): certain temporary provisions concerning VAT rates

2007/0136(CNS) - 20/12/2007 - Final act

PURPOSE: to prolong until 31/12/2010, on selective basis, the derogations granted in the field of VAT rates to the Member States which joined the EU after the 1st January 1995.

LEGISLATIVE ACT: Council Directive 2007/75/EC amending Directive 2006/112/EC with regard to certain temporary provisions concerning rates of value added tax.

CONTENT: the Council adopted a Directive renewing temporary derogations that currently allow the Czech Republic, Cyprus, Malta, Poland and Slovenia to apply reduced VAT rates on certain services.

The Directive extends certain derogations that were introduced in their Acts of Accession when the Czech Republic, Cyprus, Malta, Poland and Slovenia joined the EU in 2004. The derogations would otherwise expire at the end of 2007.

The Directive will allow, for a further period until 31 December 2010:

- the Czech Republic to apply a reduced VAT rate of 5% to construction work for residential housing;
- Cyprus to apply a zero VAT rate to the supply of pharmaceuticals and most foodstuffs, and a reduced rate of 5% to restaurant services;
- Malta to apply a zero VAT rate to the supply of pharmaceuticals and foodstuffs;
- Poland to apply a zero VAT rate to the supply of certain books and specialist periodicals, a reduced rate of 7% to restaurant services, to the construction, renovation and alteration of housing, and to the supply of new residential buildings, as well as a "super" reduced rate of 3% to the supply of most foodstuffs;
- Slovenia to apply reduced VAT rates of 8.5% to the preparation of meals and of 5% to construction, renovation and maintenance work for residential housing.

ENTRY INTO FORCE: 29/12/2007