Defence effort within the Union framework: common system of value added tax and general arrangements for excise duty

2019/0096(CNS) - 19/11/2019 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, following a special legislative procedure (consultation), the report by Paul TANG (S&D, NL) on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax and Directive 2008/118/EC concerning the general arrangements for excise duty as regards defence effort within the Union framework.

The committee responsible recommended that the European Parliament approve the Commission proposal as amended.

As a reminder, the objective of this proposal is to align the VAT treatment of defence efforts in the EU and NATO frameworks as far as is feasible. Similarly, the arrangements for exemptions from excise duties, as provided for in the Excise Directive, should be aligned in the same way.

Defence effort

Members suggested that the definition of defence effort should be amended to ensure that all actions, military formations or structures carried out under Article 42 TEU which defines the scope of the common security and defence policy (CSDP) are covered.

Exemptions

The Commission should keep a record of any defence effort carried out for the implementation of a Union activity under the CSDP in respect of which exemptions apply. The exemptions should apply only to situations where armed forces carry out tasks directly linked to a defence effort under the CSDP. They should not cover civilian missions under the CSDP. Goods or services supplied for the use of civilian staff could therefore only be covered by the exemptions when the civilian staff is accompanying armed forces carrying out tasks directly linked to a defence effort under the CSDP outside their Member State.

The report stressed that tasks performed exclusively by civilian staff or performed exclusively by using civilian capabilities should not be considered to be a defence effort. Nor should the exemptions in any circumstance cover goods or services that the armed forces acquire for the use of the forces or the civilian staff accompanying them within their own Member State.