

Common system of value added tax: identification of taxable persons in Northern Ireland

2020/0165(CNS) - 11/11/2020 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 641 votes to 17, with 27 abstentions, following a special legislative consultation procedure), a legislative resolution on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax as regards the identification of taxable persons in Northern Ireland.

Parliament approved the Commission's proposal without amendment.

As a reminder, from 1 January 2021, EU VAT legislation will no longer apply to the UK. However, on the basis of the Protocol on Ireland/Northern Ireland, which is part of the Withdrawal Agreement, Northern Ireland will remain under the EU VAT legislation regarding goods with a view to avoiding a hard border between Ireland and Northern Ireland.

For services, on the other hand, Northern Ireland is, together with the rest of the UK, considered as outside the EU.

For the EU VAT system to function properly, it is essential that taxable persons carrying out in Northern Ireland supplies of goods or intra-Community acquisitions of goods are identified for VAT purposes according to the EU rules.

To this end, it is important that those taxable persons are identified in Northern Ireland by means of a separate EU VAT identification number, granted according to the EU rules and that is different from any UK VAT identification numbers.

The Commission therefore proposes that VAT identification numbers in Ireland should include the specific prefix "XI".