Common system of value added tax (VAT): conferral of implementing powers to the Commission to determine the meaning of the terms used in certain provisions

2020/0331(CNS) - 16/06/2021 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, under a special legislative procedure (consultation of Parliament), the report by Irene TINAGLI (S&D, IT) on the proposal for a Council directive amending Directive 2006/112/EC as regards conferral of implementing powers to the Commission to determine the meaning of the terms used in certain provisions of that Directive.

The committee responsible recommended that Parliament approve the Commission proposal without amendments.

As a reminder, the Commission currently has no implementing powers in respect of the VAT Directive. The only existing tool for the Commission to promote the uniform application of EU VAT rules is an advisory committee set up under Article 398 of the VAT Directive, the ‘VAT Committee’.

As an advisory committee, the VAT Committee can currently only agree non-binding guidelines on the application of the VAT Directive, while binding implementing measures can only be adopted by the Council on the basis of a Commission proposal.

In order to avoid divergent interpretations of the VAT Directive by Member States and to allow for the adoption of interpretations of a number of VAT provisions which are binding on all Member States, the Commission proposes to amend the VAT Directive to establish a committee which would oversee the adoption by the Commission of implementing acts in certain areas of VAT.

The procedure it will follow is the examination procedure as required by Article 2 of the Comitology Regulation, which requires a qualified majority vote for the adoption of implementing measures.

Under the proposal:

- comitology procedures would only be applied in respect of a limited set of implementing rules for provisions of the VAT Directive for which a common interpretation is required. Any amendment to the VAT Directive will require, as is the case today, the unanimous agreement of the Council;

- the Council would retain its implementing powers insofar as these fall outside the strictly defined scope of the Commission's empowerment and, in particular, relate to substantial matters especially sensitive for Member States.

- the former ‘VAT Committee’ would remain a forum for discussion with the possibility of adopting non-binding guidelines on the application of the VAT Directive.