

Value added tax VAT: arrangements for the refund to taxable persons established in another Member State (Directive 2006/112/EC)

2005/0807(CNS) - 29/10/2004 - Legislative proposal

PURPOSE: to lay down the rules for the reimbursement of VAT of those who are not registered for VAT within the Member State in question but who are registered elsewhere in the Union, as provided for in Directive 77/388/EC.

PROPOSED LEGISLATIVE ACT: Council Directive.

CONTENT: this request for consultation results from a COREPER decision to propose to the Council, when the act was being adopted, to change the legal base, by basing it on Article 93 of the EC Treaty rather than Article 29b of the 6th VAT Directive, as initially proposed by the Commission. COREPER decided to consult the European Parliament on 20 July 2005.

The Commission therefore proposes an alternative way of modernising the current refund procedure laid down in the Eighth Directive, but without changing its fundamental principles. Under the proposed procedure, requests for refunds would continue to be dealt with by the Member State where the VAT was paid, the amount refundable would be determined under the deduction rules of the Member State where the expenses are incurred, and the repayments made directly by that Member State to the requesting taxable person.

Along with two other legislative proposals under examination (see CNS/2004/0261 and CNS/2004/0262), the purpose of this proposed Directive is the simplification of obligations relating to value-added tax (VAT) for cross-border operators providing goods and services in other EU Member States.