Value added tax (VAT): period of application of the VAT arrangements applicable to radio and television broadcasting services and certain electronically supplied services

2006/0245(CNS) - 24/11/2006 - Legislative proposal

PURPOSE: to amend Council Directive 2002/38/EC as regards the period of application of the VAT arrangements for radio and television broadcasting services as well as certain electronically supplied services.

PROPOSED ACT: Council Directive.

CONTENT: Council Directive 2002/38/EC, referred to as the e-commerce VAT Directive, contains a number of provisions which were due to expire on 30 June 2006 unless extended. On 15 May 2006, the Commission adopted both a Report on the e-commerce Directive and a proposal to temporarily extend the validity of Council Directive 2002/38/EC until 31 December 2008. For a summary see CNS/2006/0069. In June 2006, however, the Council decided to extend the existing Directive until the end of the current year only and not until the end of 2008, as was originally proposed by the Commission.

It is the view of the Commission, however, that an extension until the end of 2008 is still required for the smooth running of the internal market. Further, an extension of the Directive's provisions will allow sufficient time for the adoption of two related proposal (one on the simplification of VAT and the other on the place of supply of services) which, once adopted, will ensure that the provisions of Directive 2002/38/EC are no longer needed.

The objective of this proposal remains the same as the earlier extension proposal. In essence, the Commission is resubmitting its proposal with the original deadline i.e. 31 December 2008 unchanged.