Basic information

2005/0807(CNS) CNS - Consultation procedure Directive	Procedure completed
Value added tax VAT: arrangements for the refund to taxable persons established in another Member State (Directive 2006/112/EC) Amended by 2010/0205(CNS) **Subject** 2.70.02 Indirect taxation, VAT, excise duties	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	BECSEY Zsolt László (PPE-DE)	05/09/2005

Committee for opinion	Rapporteur for opinion	Appointed
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2847	2008-02-12
Economic and Financial Affairs ECOFIN	2688	2005-11-08
Economic and Financial Affairs ECOFIN	2726	2006-05-05
Economic and Financial Affairs ECOFIN	2766	2006-11-28
Economic and Financial Affairs ECOFIN	2804	2007-06-05
Economic and Financial Affairs ECOFIN	2734	2006-06-07
Economic and Financial Affairs ECOFIN	2828	2007-11-13
Education, Youth, Culture and Sport	2836	2007-12-04

European Commission

Commission DG	Commissioner
Taxation and Customs Union	KOVÁCS László

Key events

Date	Event	Reference	Summary

29/10/2004	Legislative proposal published	COM(2004)0728	Summary
06/09/2005	Committee referral announced in Parliament		
08/11/2005	Debate in Council		Summary
14/11/2005	Vote in committee		Summary
16/11/2005	Committee report tabled for plenary, 1st reading/single reading	A6-0324/2005	
01/12/2005	Decision by Parliament	T6-0459/2005	Summary
01/12/2005	Results of vote in Parliament		
01/12/2005	Debate in Parliament		
05/05/2006	Debate in Council		Summary
07/06/2006	Debate in Council		
28/11/2006	Debate in Council		
05/06/2007	Debate in Council		Summary
13/11/2007	Debate in Council		
12/02/2008	Act adopted by Council after consultation of Parliament		
12/02/2008	End of procedure in Parliament		
20/02/2008	Final act published in Official Journal		

Technical information

Procedure reference	2005/0807(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amended by 2010/0205(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 029 EC Treaty (after Amsterdam) EC 093
Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/29847

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		PE364.810	27/10/2005	
Committee report tabled for plenary, 1st reading/single reading		A6-0324/2005	16/11/2005	
Text adopted by Parliament, 1st reading/single reading		T6-0459/2005	01/12/2005	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2004)0728	29/10/2004	Summary
Commission response to text adopted in plenary	SP(2005)5015	15/12/2005	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1260/2005 OJ C 028 03.02.2006, p. 0086-0087	26/10/2005	

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Directive 2008/0009 OJ L 044 20.02.2008, p. 0023	Summary

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.

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

2005/0807(CNS) - 12/02/2008 - Final act

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.

LEGISLATIVE ACT : Council Directive 2008/9/EC laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State

CONTENT: the Council adopted a package of measures on value-added tax (VAT), which includes a change in the rules on the place of supply of services in order to ensure that most types of services are taxed in the Member State of consumption.

At the same time, the package introduces the possibility for taxpayers who perform certain services to fulfil their EU-wide VAT reporting obligations in one single member state (using a "mini one stop shop") and thus reduce their compliance costs.

The package also provides for improved mechanisms for cooperation between Member States in order to prevent tax avoidance under the new system. The VAT package contains this Directive on procedures for VAT refunds to non-established businesses, as well as other pieces of legislation (see CNS/2004/0261 and CNS/2004/0262 and CNS/2003/0329), the purpose of which is the simplification of obligations relating to value-added tax (VAT) for cross-border operators providing goods and services in other EU Member States.

This Directive lays down the detailed rules for the refund of VAT, provided for in Article 170 of Directive 2006/112/EC, to taxable persons not established in the Member State of refund, who meet the conditions laid down in the Directive. It provides that requests for refunds will continue to be dealt with by the Member State where the VAT was paid, the amount refundable will 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. The refund application must be submitted to the Member State of establishment at the latest on 30 September of the calendar year following the refund period.

The main features of the new rules are as follows:

1. for business-to-business services, taxation will be at the place where the customer is situated, and no longer at the place where the service provider is established, as is currently the case;
2. for business-to-consumer services:
    - for most services, the place of taxation will continue to be that where the supplier is established, as at present;
    - however, in certain circumstances, taxation of business-to-consumer services will be at the place of consumption in order to prevent distortions of competition between Member States operating different VAT rates. This category includes: restaurant services; the hiring of means of transport; cultural, sporting, scientific and educational services; and telecommunications, broadcasting and electronic services;
    - a "one-stop shop" system will be introduced for telecoms, broadcasting and electronic services in order to simplify arrangements made necessary by the new rules. The "one-stop shop" will enable service providers to fulfil in their home Member State a single set of obligations for VAT registrations, declarations and payments, covering services provided in Member States where they are not established. VAT revenue will then be transferred from the country where the supplier is located to that where the customer is situated, whose VAT rates and controls will be applicable;
    - for business-to-consumer supplies of telecoms, broadcasting and electronic services, application of the new rules and the one-stop shop scheme will be deferred to 1 January 2015. The Member State of establishment will, until 1 January 2019, retain a proportion of VAT receipts collected through the one stop shop scheme. This proportion will amount to 30% from 1 January 2015 until 31 December 2016, 15% from 1 January 2017 until 31 December 2018 and 0% from 1 January 2019 onwards.

APPLICATION: this Directive will apply to refund applications submitted after 31 December 2009. Directive 79/1072/EEC will be repealed with effect from 1 January 2010. However, its provisions shall continue to apply to refund applications submitted before 1 January 2010.

TRANSPOSITION: 01/01/2010.

ENTRY INTO FORCE: 20/02/2008.

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

2005/0807(CNS) - 01/12/2005 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Zsolt László **BECSEY** (EPP-ED, HU) and made some amendments to the proposal. (Please see the summary of 14/11/2005 for details.)

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

2005/0807(CNS) - 08/11/2005

The Council took note of a progress report on proposals aimed at simplifying cross-border business obligations relating to value-added tax and of the intention of the United Kingdom and future Austrian presidencies to continue work on the dossier as a priority.

The proposals are intended to ease VAT compliance for businesses, particularly those that have no base in member states where they carry out their activities.

They consist of:

– a draft directive aimed at amending directive 77/388/EEC with a view to simplifying VAT obligations;

– a draft directive laying down detailed rules for the refund of VAT to businesses in member states where it has no base, as provided for in directive 77 /388/EEC;

– a draft regulation aimed at amending regulation 1798/2003 as regards administrative co-operation under the “one-stop” scheme and the refund procedure for VAT.

The Council also held an exchange of views, on the basis of a compromise proposed by the presidency, on modifications to EU rules on reduced rates of value-added tax applied by the member states.

It requested the permanent representatives committee to continue work on this basis with a view to allowing the Council to reach an agreement at its meeting on 6 December.

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

2005/0807(CNS) - 05/05/2006

The Council held an exchange of views, on the basis of a package of measures proposed by the presidency, on three dossiers dealing with value-added tax arrangements for businesses:

- § a proposal for a directive on the place of supply of services as concerns VAT payments;
- § proposals for two directives and a regulation on simplification of cross-border VAT obligations and refund procedures for businesses;
- § prolongation of a directive on VAT arrangements for e-commerce.

It requested the permanent representatives committee to continue work on the package, taking account of the views expressed by delegations, so as to enable the Council to reach political agreement at its meeting on 7 June 2006.

The proposal on the place of supply is aimed at changing the place of taxation for VAT for services from the place where the supplier is located to the place where the customer is located. The proposals on simplification are aimed at providing for a "one-stop" scheme to simplify registration and declaration of VAT by businesses in member states where they have no base, as well as rules for refunds of VAT to such businesses and improved administrative cooperation as regards to VAT to prevent fraud.

As regards e-commerce, the Commission confirmed its intention to make a proposal to enable the renewal, by 1 July, of provisions of directive 2002/38 /EC regarding the provision of broadcasting services and certain electronically supplied services from third countries.

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

2005/0807(CNS) - 05/06/2007

The Council examined a package of measures aimed at simplifying value-added tax (VAT) arrangements for businesses. It adopted the following conclusions:

As a result of the substantial progress, the Council reached political agreement on the VAT package elements related to:

- the place of supply of services (one exception) (CNS/2003/0329);
- the mini one-stop shop (CNS/2004/0261);
- the draft directive on refund;
- the administrative cooperation elements (CNS/2004/0262).

The Council recognises that, before the formal adoption of the full package, further discussion will be necessary on the change of the place of supply of services for B2C supplies for telecom, broadcasting, electronic and maritime services (Articles 56, 58 and 59a of the draft Directive on the place of supply of services), and invites the Portuguese Presidency to prepare final agreement on this issue.

The Council also invites the Portuguese Presidency, before the formal adoption of the full package, to find solutions that would improve control and cooperation measures engaging both the Member State of the supplier and the Member State of consumption (including, if appropriate, reporting

obligation in the Member State of establishment as regards the amount of supplies of services to other Member States, electronic matching of these amounts with those declared in all relevant Member States of consumption), without undue increases in the compliance burden for economic operator or the administrative burden for the tax authorities.

The Council confirms its intention to formally adopt the VAT package before 31 December 2007 with the intention that the package would enter into force at the latest on 1 January 2010.