Basic information

2012/0102(CNS) CNS - Consultation procedure Directive	Procedure completed
Common system of value added tax (VAT): treatment of vouchers Amending Directive 2006/112/EC 2004/0079(CNS) **Subject** 2.70.02 Indirect taxation, VAT, excise duties 8.50.01 Implementation of EU law	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	GÁLL-PELCZ Ildikó (PPE)	11/09/2012
	Shadow rapporteur KLEVA KEKUŠ Mojca (S&D) SKYLAKAKIS Theodoros (ALDE) GIEGOLD Sven (Verts/ALE) FOX Ashley (ECR)	

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union

European Commission

Commission DG	Commissioner
Taxation and Customs Union	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
10/05/2012	Legislative proposal published	COM(2012)0206	Summary

12/06/2012	Committee referral announced in Parliament		
26/02/2013	Vote in committee		
04/03/2013	Committee report tabled for plenary, 1st reading/single reading	A7-0058/2013	Summary
17/04/2013	Decision by Parliament	T7-0175/2013	Summary
17/04/2013	Results of vote in Parliament		
27/06/2016	Act adopted by Council after consultation of Parliament		
27/06/2016	End of procedure in Parliament		
01/07/2016	Final act published in Official Journal		

Technical information

Procedure reference	2012/0102(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amending Directive 2006/112/EC 2004/0079(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 113
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/09537

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE501.925	11/12/2012	
Amendments tabled in committee		PE502.194	24/01/2013	
Committee report tabled for plenary, 1st reading/single reading		A7-0058/2013	04/03/2013	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0175/2013	17/04/2013	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2012)0206	10/05/2012	Summary
Document attached to the procedure	SWD(2012)0126	10/05/2012	
Document attached to the procedure	SWD(2012)0127	10/05/2012	

Commission response to text adopted in plenary	SP(2013)338	15/05/2013	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2012)0206	27/09/2012	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1401/2012	14/11/2012	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Directive 2016/1065
OJ L 177 01.07.2016, p. 0009 Summary

Common system of value added tax (VAT): treatment of vouchers

2012/0102(CNS) - 27/06/2016 - Final act

PURPOSE: to simplify, modernise and harmonise VAT rules applicable to vouchers.

LEGISLATIVE ACT: Council Directive (EU) 2016/1065 of 27 June 2016 amending Directive 2006/112/EC as regards the treatment of vouchers.

CONTENT: the new directive amending Directive 2006/112/EC (the VAT Directive) lays down specific rules regarding the VAT treatment of vouchers.

In view of the new rules on the place of supply for telecommunications, broadcasting and electronically supplied services which are applicable since 1 January 2015, the directive offers a common solution for vouchers in order to ensure that mismatches do not occur in respect of vouchers supplied between Member States.

Identification of what constitute vouchers: to identify clearly what constitutes a voucher for the purposes of VAT and to distinguish vouchers from payment instruments, the directive **harmonises the definition of vouchers**. Vouchers may have physical or electronic forms, recognising their essential attributes, in particular the nature of the entitlement attached to them and the obligation to accept them in return for the supply of goods or services.

The directive distinguishes between (i) **a single-purpose voucher** which is a voucher where the place of supply of the goods or services to which the voucher relates, and the VAT due on those goods or services, are known at the time of issue of the voucher, and (ii) **a multi-purpose voucher**. It sets out the rules determining the **taxable value** of transactions in both cases:

- where the VAT treatment attributable to the underlying supply of goods or services can be determined with certainty already upon issue of a single-purpose voucher, VAT should be charged on each transfer, including on the issue of the single-purpose voucher;
- for multi-purpose vouchers, VAT should be charged when the goods or services to which the voucher relates are supplied. Against this background, any prior transfer of multi-purpose vouchers should not be subject to VAT.

Only vouchers which can be used for redemption against goods or services are affected by these rules. The provisions regarding vouchers should not trigger any change in the VAT treatment of transport tickets, admission tickets to cinemas and museums, postage stamps or similar.

Report: no later than 31 December 2022, the Commission shall, on the basis of information obtained from the Member States, present an assessment report on the application of the provisions of this Directive, with particular regard to the definition of vouchers, the VAT rules relating to taxation of vouchers in the distribution chain and to non-redeemed vouchers, accompanied, where necessary, by an appropriate proposal to amend the relevant rules.

ENTRY INTO FORCE: 2.7.2016.

TRANPOSITION: by 31.12.2018. The provisions of the directive only apply to vouchers issued after this date.

APPLICATION: from 1.1.2019.

Common system of value added tax (VAT): treatment of vouchers

2012/0102(CNS) - 04/03/2013 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, in the framework of a special legislative procedure (Parliament consultation), the report by Ildikó GÁLL-PELCZ (EPP, HU) on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax, as regards the treatment of vouchers.

The committee suggested amending the Commission proposal as follows:

Scope, transparency and neutrality: a new recital states that in order to eradicate opportunities for tax evasion and tax fraud, to increase VAT collection from vouchers and hence increase public revenue, it is necessary to reinforce the scope, neutrality and transparency with regard to tax treatment of transactions involving vouchers.

Members also propose **clarifying the different definitions**:

- **"place of supply"**: shall mean the Member State in which the underlying supply of goods or services takes place;
- **"multi-purpose voucher"**: shall mean any voucher, other than a discount or rebate voucher, which does not constitute a single-purpose voucher and which entitles the holder to receive goods or services where neither those goods or services nor the place of supply of the Member State where they are to be taxed are sufficiently identified and, as a consequence, the VAT treatment of the voucher cannot be determined with certainty at the date of the sale or issuance;
- **"discount voucher"**: means a voucher carrying a right to receive a price discount or rebate with regard to a supply of goods or services which is expressed either as a percentage or as a fixed amount with a nominal value.

Review: by 1 January 2017, the Commission shall review the application of Directive 2006/112/EC on its economic and fiscal impact. That report shall include an analysis of the impact of this Directive on the economies of the Member States.

Common system of value added tax (VAT): treatment of vouchers

2012/0102(CNS) - 17/04/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 602 votes to 24, with 37 abstentions, in the framework of a special legislative procedure (Parliament consultation), 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 treatment of vouchers.

Parliament approved the Commission proposal as amended:

Scope, transparency and neutrality: a new recital states that in order to eradicate opportunities for tax evasion and tax fraud, to increase VAT collection from vouchers and hence increase public revenue, it is necessary to reinforce the scope, neutrality and transparency with regard to tax treatment of transactions involving vouchers.

Members also propose **clarifying the different definitions**:

- **"place of supply"**: shall mean the Member State in which the underlying supply of goods or services takes place;
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- **"discount voucher"**: means a voucher carrying a right to receive a price discount or rebate with regard to a supply of goods or services which is expressed either as a percentage or as a fixed amount with a nominal value.

Taxable amount: an amendment stipulates that the taxable amount of the supply of goods or services redeemed against a multi-purpose voucher shall be equal to the nominal value of that voucher in fact used to acquire those goods and services.

Review: by 1 January 2017, the Commission shall review the application of Directive 2006/112/EC on its economic and fiscal impact. That report shall include an analysis of the impact of this Directive on the economies of the Member States.

Common system of value added tax (VAT): treatment of vouchers

2012/0102(CNS) - 10/05/2012 - Legislative proposal

PURPOSE: to clarify and harmonise the rules in EU legislation on the VAT treatment of vouchers.

PROPOSED ACT: Council Directive.

BACKGROUND: the world has moved on since common VAT rules were adopted in 1977 and the increased use of vouchers is just one of many changes which have transformed the way in which business is done, introducing complexities which were not envisaged at the time.

Neither the Sixth VAT Directive (Council Directive 77/388/EEC) nor the VAT Directive (Council Directive 2006/112/EC) provide for rules on the treatment of transactions involving vouchers.

For the purposes of the VAT rules, a **voucher** is an instrument which gives the holder a right to goods or services, or to receive a discount or rebate in relation to a supply of goods or services. The issuer assumes an obligation to supply goods or services, to give a discount or pay a rebate.

A voucher may be in electronic or physical form and generally has an underlying commercial or promotional objective, which may be to promote the supply of particular goods or services or to expedite the payment for particular goods or services. Vouchers come in different types. Some are issued against consideration and today can be taxed either at sale or at redemption, depending on the approach of individual Member States. A voucher may also be issued for free and entitle the holder to the supply of goods or services without further charge.

The absence of common rules has obliged Member States to develop their own solutions, inevitably uncoordinated. The resultant mismatches in taxation cause **problems such as double or non-taxation** but also contribute to **tax avoidance** and form barriers to business innovation.

The **Court of Justice of the European Union** ('CJEU') has on several occasions been asked to explain how the VA Directives should apply in such circumstances. For vouchers, this process has given some guidance but has left other problems unresolved. The objective of this proposal is to deal with these issues by clarifying and harmonising the rules in EU legislation on the VAT treatment of vouchers.

IMPACT ASSESSMENT: the proposal is accompanied by an Impact Assessment. It concludes that the only realistic way to deal with the identified shortcomings is a **modernisation of the VAT Directive by inserting new provisions which deal with vouchers**. A study undertaken made by Deloitte is included as an annex to the Impact Assessment. It sustains the economic justification for making this legislative proposal, in particular the actual and potential consequences from mismatches between Member States.

LEGAL BASIS: Article 113 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposal consists of **several amendments to the VAT Directive aimed to define clearly the different types of vouchers and to harmonise their VAT treatment**. In making this legislative proposal, the search is for clarity. This should extend to the tax consequences of the different types of vouchers when issued, distributed or redeemed, either within a single Member State or in operations which extend to more than one Member State.

To solve these problems, changes to the VAT Directive are envisaged. They fall under **five headings**:

1. Defining vouchers for VAT purposes: the VAT Directive needs to be clear about which vouchers are to be taxed when issued and which are to be taxed only when redeemed. The former are described as 'single-purpose vouchers' and the latter as 'multi-purpose vouchers'. This distinction hinges on whether the information is available to tax on issue or whether, because their end-use is subject to choice, taxation has to await redemption.

2. Time of taxation: the current rules on the time of chargeability of the tax (in Article 65) should be adjusted to ensure that single-purpose vouchers (SPVs) are subject to VAT at the time they are issued and paid for.

To avoid confusion, the supply of the right which is inherent in a voucher and the underlying supply of goods or services cannot be regarded as separate transactions. SPVs are taxed from the outset so this potential problem will not arise. For vouchers which are not taxed when issued because the place and level of taxation cannot yet be established, tax should only be charged when the underlying goods or services are supplied. To make sure this happens, and that only this happens, a new Article 30b is proposed. This makes it clear that the issue of a voucher and the subsequent supply of goods or services constitute a single transaction for VAT.

3. Rules for distribution: once the VAT Directive has established that multi-purpose vouchers (MPVs) are to be taxed on redemption, some issues which relate to their distribution need to be addressed.

Since distribution chains for MPVs can extend across several Member States, common rules are necessary for identifying and measuring this distribution service. An additional point makes clear that the distribution is a supply of a service for the purposes of the VAT Directive. The computation of the taxable amount for this service is dealt with in a new Article.

The proposal aims to ensure that the totality of the taxable operations associated with an MPV – the supply of a distribution service and the supply of the underlying goods or services – are described and taxed in a manner which is comprehensive, neutral and transparent.

4. Discount vouchers: difficulties arise with discount vouchers when the discount is ultimately met by the issuer rather than the redeemer. To avoid a complex series of adjustments, it is proposed to treat this discount as a separate supply of a service by the redeemer to the issuer.

5. Other technical or consequential changes: some further technical changes to the VAT Directive will be required to ensure the proper functioning of these solutions, notably as regards the right of deduction (Article 169), the person liable for payment of the tax (Article 193) and other obligations (Article 272). Technical changes are needed to deal correctly with MPVs and SPVs respectively.

BUDGETARY IMPLICATIONS: the proposal has no implication for the European Union budget.