Basic information

2015/0296(CNS) CNS - Consultation procedure Directive	Procedure completed
Common system of value added tax (VAT): duration of the obligation to respect a minimum standard rate Amending Directive 2006/112/EC 2004/0079(CNS) **Subject** 2.70.02 Indirect taxation, VAT, excise duties	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	SIMON Peter (S&D)	21/01/2016
	Shadow rapporteur MAYDELL Eva (PPE) LUCKE Bernd (ECR) JEŽEK Petr (ALDE) MATIAS Marisa (GUE/NGL) LÓPEZ BERMEJO Paloma (GUE/NGL) URTASUN Ernest (Verts/ALE)	

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

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3468	2016-05-25

European Commission

Commission DG	Commissioner
Taxation and Customs Union	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
14/12/2015	Legislative proposal published	COM(2015)0646	Summary
21/01/2016	Committee referral announced in Parliament		
16/03/2016	Vote in committee		
18/03/2016	Committee report tabled for plenary, 1st reading/single reading	A8-0063/2016	Summary
12/04/2016	Decision by Parliament	T8-0097/2016	Summary
12/04/2016	Results of vote in Parliament		
25/05/2016	Act adopted by Council after consultation of Parliament		
25/05/2016	End of procedure in Parliament		
31/05/2016	Final act published in Official Journal		

Technical information

Procedure reference	2015/0296(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/8/05316

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE575.288	26/02/2016	
Amendments tabled in committee		PE578.670	04/03/2016	
Committee report tabled for plenary, 1st reading/single reading		A8-0063/2016	18/03/2016	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0097/2016	12/04/2016	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2015)0646	14/12/2015	Summary

Commission response to text adopted in plenary	SP(2016)372	31/05/2016	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2015)0646	29/03/2016	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0717/2016	17/02/2016	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Directive 2016/0856
OJ L 142 31.05.2016, p. 0012 Summary

Common system of value added tax (VAT): duration of the obligation to respect a minimum standard rate

2015/0296(CNS) - 12/04/2016 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 568 votes to 85, with 59 abstentions, in the framework of a special legislative procedure (Parliament's consultation), a legislative resolution on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax, with regard to the duration of the obligation to respect a minimum standard rate.

Parliament approved the Commission's proposal to retroactively maintain the principle of a minimum standard VAT rate of 15 %. It proposed however that the current arrangements of the VAT Directive be extended for three years **until 31 December 2018** (instead of 31 December 2017 as proposed by the Commission).

Common system of value added tax (VAT): duration of the obligation to respect a minimum standard rate

2015/0296(CNS) - 14/12/2015 - Legislative proposal

PURPOSE: to extend, for a period of two years, the current situation where the minimum standard rate of VAT in Member States is at 15%.

PROPOSED ACT: Council Directive.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: Directive 2006/112/EC on the common system of value added tax ("the VAT Directive") provides that from 1 January 2011 until 31 December 2015 **the standard rate may not be less than 15%.** This current minimum standard rate provision has been extended five times.

The Commission considers that the standard rate of value added tax (VAT) currently in force in Member States, combined with the mechanism of the transitional system has ensured that this system has **functioned to an acceptable degree**. With new rules on the place of supply of services which favour taxation at the place of consumption, the possibilities for exploiting differences in VAT rates through relocation have been limited further and potential distortions of competition reduced.

In the light of results obtained following its Communication of 2011 on the future of VAT, the **Commission will publish an Action Plan for a definitive system of Value Added Tax** for intra-EU trade that the Commission wants to propose and the reforms it envisages to adapt the existing rules on VAT rates to a definitive regime characterised by the destination principle. This review of rules on VAT rates will address two key issues:

- the possibility of giving greater autonomy in rate-setting ('enhanced flexibility') to Member States, and
- the manner of dealing with the temporary derogations allowing for exemptions, zero rates and super reduced rates, that would have to be reconsidered upon the introduction of the definitive VAT regime.

CONTENT: pending the decisions on the final shape of the definitive regime, the Commission proposes to amend the VAT Directive in order to **extend from 1 January 2016 to 31 December 2017 the period of application of the current minimum standard rate of VAT in Member States, set at 15%.**

This sixth prolongation maintains the current satisfactory situation and provides legal certainty for stakeholders, while allowing the definitive VAT regime for intra-EU trade to enter into force on the basis of a reviewed set of rules for standard and reduced VAT rates.

The proposed measure does not preclude a further revision of VAT legislation before 31 December 2017 to address the final arrangement of a definitive VAT regime for intra-Union trade.

Common system of value added tax (VAT): duration of the obligation to respect a minimum standard rate

2015/0296(CNS) - 18/03/2016 - 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's consultation), the report by Peter SIMON (S&D, DE) on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax, with regard to the duration of the obligation to respect a minimum standard rate.

The VAT Directive provides that from 1 January 2011 until 31 December 2015, the standard rate may not be less than 15 %. Pending the decisions on the final shape of the definitive regime, the committee agreed with the Commission's proposal to retroactively maintain the principle of a minimum standard VAT rate of 15 %. It proposed that the **current arrangements be extended for three years until 31 December 2018** (instead of 31 December 2017 as proposed by the Commission).

Common system of value added tax (VAT): duration of the obligation to respect a minimum standard rate

2015/0296(CNS) - 25/05/2016 - Final act

PURPOSE: to extend, until 31 December 2017, the current situation where the minimum standard rate of VAT in Member States is at 15 %.

LEGISLATIVE ACT: Council Directive (EU) 2016/856 amending Directive 2006/112/EC on the common system of value added tax, as regards the duration of the obligation to respect a minimum standard rate.

CONTENT: this Council Directive amends the VAT Directive (Directive 2006/112/EC) in order to **extend from 1 January 2016 to 31 December 2017 the period of application of the current minimum standard rate of VAT** in Member States, set at 15 %.

The text recalled that the standard VAT rate currently in force in the Member States, combined with the mechanism of the transitional system has ensured that the VAT system has functioned to an acceptable degree. In view of the **ongoing discussion on the features of the definitive VAT regime** for intra-Union trade, it would be premature to set a permanent standard VAT rate or to consider changing the minimum VAT rate.

The maintenance of the current minimum standard rate **does not preclude a further revision of VAT legislation before 31 December 2017** to address the introduction of a definitive VAT regime for intra-Union trade.

ENTRY INTO FORCE: 1.6.2016. In order to ensure the uninterrupted application of the minimum standard rate established by the VAT Directive, this Directive shall apply from 1 January 2016.

TRANSPOSITION: 1.8.2016 at the latest.