Basic information

2017/0349(CNS) CNS - Consultation procedure Directive	Procedure completed
Common system of value added tax (VAT): 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	GUALTIERI Roberto (S&D)	23/01/2018
	Shadow rapporteur MARTUSCIELLO Fulvio (PPE) LOONES Sander (ECR) CORNILLET Thierry (ALDE) SCHIRDEWAN Martin (GUE/NGL) SCOTT CATO Molly (Verts/ALE)	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3626	2018-06-22

European Commission

Commission DG	Commissioner
Taxation and Customs Union	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
19/12/2017	Legislative proposal published	COM(2017)0783	Summary
18/01/2018	Committee referral announced in Parliament		

26/03/2018	Vote in committee		
28/03/2018	Committee report tabled for plenary, 1st reading/single reading	A8-0124/2018	Summary
19/04/2018	Decision by Parliament	T8-0177/2018	Summary
19/04/2018	Results of vote in Parliament		
22/06/2018	Act adopted by Council after consultation of Parliament		
22/06/2018	End of procedure in Parliament		
27/06/2018	Final act published in Official Journal		

Technical information

Procedure reference	2017/0349(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/8/11895

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE618.065	28/02/2018	
Committee report tabled for plenary, 1st reading/single reading		A8-0124/2018	28/03/2018	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0177/2018	19/04/2018	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2017)0783	19/12/2017	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act	
Directive 2018/0912 OJ L 162 27.06.2018, p. 0001	Summary

Common system of value added tax (VAT): minimum standard rate

2017/0349(CNS) - 22/06/2018 - Final act

PURPOSE: to set the minimum standard rate of VAT at 15% on a permanent basis.

LEGISLATIVE ACT: Council Directive (EU) 2018/912 amending Directive 2006/112/EC on the common system of value added tax as regards the obligation to respect a minimum standard rate.

CONTENT: this Directive amends Directive 2006/112/EC in order to **maintain the current minimum standard rate at its current level of 15 %** and to make it permanent.

A 15% minimum standard rate has been maintained on a provisional basis since VAT rules for the EU single market were first applied in 1993. It was last extended in May 2016 for two years, expiring on 31 December 2017.

The application of a standard rate of value added tax (VAT) ensures the proper functioning of the common VAT system and should therefore be maintained.

ENTRY INTO FORCE: 17.7.2018.

TRANSPOSITION: no later than 1.9.2018.

Common system of value added tax (VAT): minimum standard rate

2017/0349(CNS) - 19/12/2017 - Legislative proposal

PURPOSE: to ensure that all Member States apply a standard VAT rate of at least 15% permanently.

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 the opinion of the European Parliament.

BACKGROUND: currently, Article 97 of Directive 2006/112/EC on the common system of value added tax (VAT Directive) provides that from 1 January 2016 until 31 December 2017, the standard rate may not be less than 15 %.

In October 2017, the Commission adopted the first proposal introducing the definitive system for the taxation of trade between Member States8 and outlined successive steps and sub-steps for introducing this system in its follow-up to the VAT Action Plan. It also announced that it would propose a reform of VAT rates, which would be consistent with the definitive arrangements based on the destination principle that will gradually replace the current transitional arrangements.

The Commission considers it appropriate to **maintain the current minimum standard rate at 15%, also in a definitive VAT system** based on the principle of taxation in the Member State of destination and to make it permanent.

Considering that all Member States currently apply a standard rate of at least 17%, the current arrangement for a minimum standard rate of 15% remains appropriate.

CONTENT: the Commission proposes to make an existing temporary provision definitive (Article 97 of the VAT Directive). The proposal aims to prevent that the minimum of 15% for the standard rate expires on 1 January 2018 and **ensures that all Member States apply a standard rate of a minimum of 15% on a permanent basis**.

The Commission will continue to monitor that Member States respect the minimum of 15% for the standard VAT rate.

Common system of value added tax (VAT): minimum standard rate

2017/0349(CNS) - 28/03/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, following Parliament's consultation procedure, the report by Roberto GULATIERI (S&D, IT) on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax, with regard to the obligation to respect a minimum standard rate.

The committee recommended that the European Parliament **approve the Commission's proposal** without making any amendments.

As a reminder, the proposal aims to prevent the 15% minimum level applicable to the standard rate of VAT from expiring on 1 January 2018 and to ensure that all Member States apply a standard rate of 15% as a minimum on a permanent basis.

As the explanatory memorandum accompanying the report recalls, the minimum of 15% for the standard VAT rate has been prolonged six times since the Council agreed in 1992 on rules limiting the discretion of Member States to set VAT rates, requiring Member States to apply this minimum standard rate over a certain period.

While noting that the proposal has been submitted at the last moment, the rapporteur welcomes the fact that the proposal will permanently set an agreed limit that ensures the proper functioning of the internal market whilst leaving flexibility for Member States in setting the standard VAT rate, instead of numerous last-minute prolongations of a temporary minimum rate.

Common system of value added tax (VAT): minimum standard rate

2017/0349(CNS) - 19/04/2018 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 562 votes to 58, with 22 abstentions, following the consultation procedure, 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 obligation to respect a minimum standard rate.

Parliament **approved** the Commission proposal without amendments.

As a reminder, the proposal aims to prevent the 15% minimum level applicable to the standard rate of VAT from expiring on 1 January 2018 and to ensure that all Member States apply a standard rate of 15% as a minimum on a permanent basis.