

Basic information	
2020/0165(CNS) CNS - Consultation procedure Directive	Procedure completed
Common system of value added tax: identification of taxable persons in Northern Ireland Amending Directive 2006/112 2004/0079(CNS) Subject 2.70.02 Indirect taxation, VAT, excise duties Geographical area United Kingdom	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs	TINAGLI Irene (S&D)	07/09/2020
		Shadow rapporteur FERBER Markus (EPP) KELLEHER Billy (Renew) GRUFFAT Claude (Greens /EFA) JAKI Patryk (ECR) BECK Gunnar (ID) MACMANUS Chris (GUE /NGL)	
Council of the European Union			

Key events			
Date	Event	Reference	Summary
07/08/2020	Legislative proposal published	COM(2020)0360 	Summary
14/09/2020	Committee referral announced in Parliament		
27/10/2020	Vote in committee		
29/10/2020	Committee report tabled for plenary, 1st reading/single reading	A9-0200/2020	
11/11/2020	Decision by Parliament	T9-0299/2020	Summary

25/11/2020	Act adopted by Council after consultation of Parliament		
25/11/2020	Final act published in Official Journal		

Technical information	
Procedure reference	2020/0165(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amending Directive 2006/112 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/9/03986

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE657.280	05/10/2020	
Committee report tabled for plenary, 1st reading/single reading		A9-0200/2020	29/10/2020	
Text adopted by Parliament, 1st reading/single reading		T9-0299/2020	11/11/2020	Summary
European Commission				
Document type	Reference	Date	Summary	
Legislative proposal	COM(2020)0360 	07/08/2020	Summary	
Other institutions and bodies				
Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES4038/2020	29/10/2020	

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act

Directive 2020/1756
OJ L 396 25.11.2020, p. 0001

Common system of value added tax: identification of taxable persons in Northern Ireland

2020/0165(CNS) - 11/11/2020 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 641 votes to 17, with 27 abstentions, following a special legislative 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 as regards the identification of taxable persons in Northern Ireland.

Parliament approved the Commission's proposal without amendment.

As a reminder, from 1 January 2021, EU VAT legislation will no longer apply to the UK. However, on the basis of the Protocol on Ireland/Northern Ireland, which is part of the Withdrawal Agreement, Northern Ireland will remain under the EU VAT legislation regarding goods with a view to avoiding a hard border between Ireland and Northern Ireland.

For services, on the other hand, Northern Ireland is, together with the rest of the UK, considered as outside the EU.

For the EU VAT system to function properly, it is essential that taxable persons carrying out in Northern Ireland supplies of goods or intra-Community acquisitions of goods are identified for VAT purposes according to the EU rules.

To this end, it is important that those taxable persons are identified in Northern Ireland by means of a separate EU VAT identification number, granted according to the EU rules and that is different from any UK VAT identification numbers.

The Commission therefore proposes that VAT identification numbers in Ireland should include the specific prefix "XI".

Common system of value added tax: identification of taxable persons in Northern Ireland

2020/0165(CNS) - 07/08/2020 - Legislative proposal

PURPOSE: to amend Directive 2006/112/EC on the common system of value added tax (VAT) as regards the identification of taxable persons in Northern Ireland.

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: the United Kingdom withdrew from the European Union on 31 January 2020 in accordance with the Withdrawal Agreement of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

The Agreement provides for a transition period ending on 31 December 2020. Until that date, EU VAT legislation continues to apply to the United Kingdom and its territory. After the transitional period, EU VAT legislation shall no longer apply in the United Kingdom or on its territory.

However, on the basis of the Protocol on Ireland/Northern Ireland, which is part of the Withdrawal Agreement, Northern Ireland shall remain under the EU VAT legislation regarding goods with a view to avoiding a hard border between Ireland and Northern Ireland. For services, on the other hand, Northern Ireland is, together with the rest of the UK, considered as outside the EU. This inevitably leads to a dual or mixed VAT system in Northern Ireland.

For the proper functioning of the Union VAT system, it is essential that a distinct VAT number is granted to every taxable person who carries out supplies of goods in Northern Ireland or makes intra-Community acquisitions of goods (including by non-taxable legal persons) are identified in Northern Ireland via a separate EU VAT identification number, granted according to the EU rules and that is different from any UK VAT identification numbers (starting with "GB") which shall be granted according to the UK legislation.

CONTENT: the proposal to amend the VAT Directive aims to introduce VAT identification numbers in Northern Ireland with a specific prefix to distinguish between, on the one hand, taxable persons and non-taxable legal persons whose transactions involving goods located in Northern Ireland are subject to EU VAT legislation and, on the other hand, persons carrying out other transactions for which they are identified for VAT purposes in the United Kingdom.

Therefore, it is proposed that VAT identification numbers in Northern Ireland have the specific prefix "XI". A new specific prefix is necessary since Northern Ireland has no specific ISO code 3166 – alpha 2, which is used to determine the prefixes of VAT identification numbers in the EU as stipulated in the VAT Directive. However, the ISO foresees in the possibility to use X-codes for territories that do not have a specific code; the code "XI" is therefore a logical choice.

Member States shall transpose the Directive by 31 December 2020 at the latest.