

Basic information	
2020/0311(CNS)	Procedure completed
CNS - Consultation procedure Directive	
Temporary measures in relation to value added tax for COVID-19 vaccines and in vitro diagnostic medical devices	
Subject	
2.70.02 Indirect taxation, VAT, excise duties 4.20.01 Medicine, diseases	
Legislative priorities	
The EU's response to the Covid-19 pandemic	

Key players			
European Parliament	Committee responsible ECON Economic and Monetary Affairs	Rapporteur	Appointed
	Committee for opinion IMCO Internal Market and Consumer Protection	Rapporteur for opinion	Appointed
Council of the European Union	Council configuration Economic and Financial Affairs ECOFIN	Meetings 1294	Date 2020-12-01
European Commission	Commission DG Taxation and Customs Union	Commissioner GENTILONI Paolo	

Key events			
Date	Event	Reference	Summary
28/10/2020	Legislative proposal published	COM(2020)0688 	Summary
11/11/2020	Committee referral announced in Parliament		
26/11/2020	Decision by Parliament	T9-0335/2020	Summary
01/12/2020	Act adopted by Council after consultation of Parliament		
11/12/2020	Final act published in Official Journal		

Technical information	
Procedure reference	2020/0311(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	Rules of Procedure EP 170 Treaty on the Functioning of the EU TFEU 113
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/04526

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Text adopted by Parliament, 1st reading/single reading		T9-0335/2020	26/11/2020	Summary
European Commission				
Document type	Reference		Date	Summary
Legislative proposal	COM(2020)0688 		28/10/2020	Summary
National parliaments				
Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	ES_PARLIAMENT	COM(2020)0688	15/12/2020	
Contribution	PT_PARLIAMENT	COM(2020)0688	22/01/2021	
Contribution	NL_CHAMBER	COM(2020)0688	01/02/2021	
Other institutions and bodies				
Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES5307/2020	02/12/2020	

Final act	
Directive 2020/2020 OJ L 419 11.12.2020, p. 0001	

Temporary measures in relation to value added tax for COVID-19 vaccines and in vitro diagnostic medical devices

2020/0311(CNS) - 26/11/2020 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 684 votes to 5, with 5 abstentions, under a special legislative procedure (consultation), a legislative resolution on the proposal for a Council Directive amending Council Directive 2006/112/EC as regards temporary measures in relation to value added tax for COVID-19 vaccines and in vitro diagnostic medical devices in response to the COVID-19 pandemic.

Parliament approved the Commission's proposal without amendment.

The proposal aims to amend the VAT Directive to ensure more affordable access to supplies of COVID-19 vaccines and in vitro diagnostic medical devices in response to COVID-19 in Europe. It would allow Member States to:

- temporarily exempt from value added tax (VAT) the supply of vaccines against COVID-19 and in vitro diagnostic medical devices (test kits) for this disease, as well as services closely related to these vaccines and devices;
- apply a reduced rate of VAT to COVID-19 in vitro diagnostic medical devices and services closely related to them, as is already the case for vaccines.

Temporary measures in relation to value added tax for COVID-19 vaccines and in vitro diagnostic medical devices

2020/0311(CNS) - 28/10/2020 - Legislative proposal

PURPOSE: to amend the VAT Directive to ensure more affordable access in the EU to supplies of COVID-19 vaccines and in vitro diagnostic medical devices in response to the pandemic.

PROPOSED ACT: Council Directive.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the aim of the Union's strategy on COVID-19 vaccines is to accelerate the development, manufacture and deployment of vaccines against the virus in order to help protect people in the Union. An effective and safe COVID-19 vaccine is considered the most likely durable solution to the pandemic. However, the development and deployment of COVID-19 in vitro diagnostic medical devices remain crucial.

The current VAT rules allow partly alleviating the cost of COVID-19 vaccination and testing. However, they do not permit the application of a zero rate to such vaccines and services closely linked thereto. Likewise, they do not permit the application of either a reduced or a zero rate to in vitro diagnostic medical devices, including services closely related to them.

The Commission's 2018 [proposal](#) amending the VAT Directive as regards VAT rates (pending before the Council), could provide a satisfactory solution in lifting VAT from the overall supply of COVID-19 vaccination and testing. Its adoption would allow Member States to apply a reduced rate or even a zero rate to supplies of COVID-19 vaccines and in vitro diagnostic medical devices, including services closely linked thereto, if such supplies benefit only the final consumer and pursue an objective of general interest.

In the meantime, the Commission considers it necessary to swiftly adapt EU VAT rules to ensure that COVID-19 vaccines and in vitro diagnostic medical devices become more affordable for Europeans by reducing the cost of their provision by the health system.

CONTENT: the aim of this initiative is to amend the VAT Directive to allow Member States:

- to temporarily exempt from value added tax (VAT) the supply of vaccines against COVID-19 and in vitro diagnostic medical devices (test kits) for this disease, as well as services closely related to these vaccines and devices;
- to apply a reduced rate of VAT to COVID-19 in vitro diagnostic medical devices and services closely related to them, as is already the case for vaccines.

Only COVID-19 in vitro diagnostic medical devices to which the CE marking may be affixed and COVID-19 vaccines authorised by the Commission or by Member States will be eligible for a zero rate (and a reduced rate as regards in vitro diagnostic medical devices).

The possibility to reduce or waive VAT from the supply of the above services should be limited in time to cover only the period of exceptional circumstances caused by the COVID-19 pandemic. In concrete terms, it should not go further than 31 December 2022. Before the end of this period, the situation will be reviewed and, if necessary, the period of application of the measure may be extended.