## Basic information

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|---|---|
| **2020/0331(CNS)**<br><br>CNS - Consultation procedure<br>Directive | Awaiting final decision |
| Common system of value added tax (VAT): conferral of implementing powers to the Commission to determine the meaning of the terms used in certain provisions<br><br>Amending Directive 2006/112 2004/0079(CNS)<br><br>**Subject**<br><br>2.70.02 Indirect taxation, VAT, excise duties | |

## Key players

| | | | |
|---|---|---|---|
| European Parliament | **Committee responsible** | **Rapporteur** | **Appointed** |
| | ECON Economic and Monetary Affairs | TINAGLI Irene (S&D) | 26/01/2021 |
| | | Shadow rapporteur<br><br>NIEDERMAYER Luděk (EPP)<br><br>IJABS Ivars (Renew)<br><br>GRUFFAT Claude (Greens /EFA)<br><br>JURZYCA Eugen (ECR)<br><br>BECK Gunnar (ID) | |
| Council of the European Union | | | |
| European Commission | **Commission DG** | **Commissioner** | |
| | Taxation and Customs Union | GENTILONI Paolo | |

## Key events

| Date | Event | Reference | Summary |
|---|---|---|---|
| 18/12/2020 | Legislative proposal published | COM(2020)0749 | Summary |
| 18/01/2021 | Committee referral announced in Parliament | | |
| 15/06/2021 | Vote in committee | | |
| 16/06/2021 | Committee report tabled for plenary, 1st reading/single reading | A9-0201/2021 | Summary |

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| 07/07/2021 | Decision by Parliament | T9-0329/2021 | Summary |

## Technical information

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| **Procedure reference** | 2020/0331(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 |
| **Stage reached in procedure** | Awaiting final decision |
| **Committee dossier** | ECON/9/05036 |

## Documentation gateway

### European Parliament

| Document type | Committee | Reference | Date | Summary |
|---|---|---|---|---|
| Committee draft report | | PE689.588 | 08/04/2021 | |
| Amendments tabled in committee | | PE693.592 | 25/05/2021 | |
| Committee report tabled for plenary, 1st reading/single reading | | A9-0201/2021 | 16/06/2021 | Summary |
| Text adopted by Parliament, 1st reading/single reading | | T9-0329/2021 | 07/07/2021 | Summary |

### European Commission

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Legislative proposal | COM(2020)0749 | 18/12/2020 | Summary |

### National parliaments

| Document type | Parliament/Chamber | Reference | Date | Summary |
|---|---|---|---|---|
| Contribution | ES_PARLIAMENT | COM(2020)0749 | 22/02/2021 | |
| Contribution | PT_PARLIAMENT | COM(2020)0749 | 09/03/2021 | |
| Contribution | RO_SENATE | COM(2020)0749 | 30/03/2021 | |
| Contribution | IE_HOUSES-OF-OIREACHTAS | COM(2020)0749 | 07/04/2021 | |
| Reasoned opinion | SE_PARLIAMENT | PE691.272 | 15/04/2021 | |

### Other institutions and bodies

| Institution/body | Document type | Reference | Date | Summary |
|---|---|---|---|---|

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|---|---|---|---|---|
| EESC | Economic and Social Committee: opinion, report | CES0630/2021 | 27/04/2021 | |

| Additional information | | |
|---|---|---|
| Source | Document | Date |
| European Commission | EUR-Lex | |

# Common system of value added tax (VAT): conferral of implementing powers to the Commission to determine the meaning of the terms used in certain provisions

2020/0331(CNS) - 18/12/2020 - Legislative proposal

PURPOSE: to ensure a more uniform application of EU VAT legislation.

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 Commission has currently no implementing powers in respect of Directive 2006/112/EC (the VAT Directive). The only existing tool which enables it to promote the uniform application of EU VAT rules is an advisory committee set up under the VAT Directive, the "VAT Committee", composed of representatives of the Member States and the Commission.

Since it is an advisory committee, the VAT Committee can currently only agree non-binding guidelines on the application of the VAT Directive, whereas binding implementing measures can only be adopted by the Council on the basis of a Commission proposal.

Experience shows that these guidelines do not always ensure uniform application of the EU VAT legislation. For instance, the VAT Committee has recently failed to reach unanimous guidelines on a number of issues related to the practical application of the provisions of Council Directive (EU) 2018/1910 (the “Quick Fixes” Directive).

The VAT Committee has also recently failed to reach unanimous guidelines on how the place of supply of a service consisting of an event taking place in several Member States should be determined for VAT purposes.

Diverging interpretations of the terms used in the VAT Directive can lead to instances of double taxation and result in legal uncertainty, additional costs for businesses and distortions of competition. A uniform interpretation of these terms at EU level would facilitate the application of the VAT Directive by tax administrations and businesses.

CONTENT: the proposal aims to confer implementing powers on the Commission to determine the meaning of certain terms used in Directive 2006/112/EC.

The Commission proposes to amend the VAT Directive in order to create a committee which would supervise the adoption of implementing acts by the Commission in certain areas of VAT. Comitology procedures would only be applied in respect of a limited set of implementing rules for those provisions of the VAT Directive for which a common interpretation is required.

The implementing powers in duly justified specific cases, on substantial matters particularly sensitive for Member States, should be assigned to the Council. This would in particular be the case regarding any implementing measures which might be needed regarding the provisions in Title I (“Subject matter and scope”), Title VIII (“Rates”) and Title XIII (“Derogations”) of the VAT Directive.

# Common system of value added tax (VAT): conferral of implementing powers to the Commission to determine the meaning of the terms used in certain provisions

2020/0331(CNS) - 16/06/2021 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, under a special legislative procedure (consultation of Parliament), the report by Irene TINAGLI (S&D, IT) on the proposal for a Council directive amending Directive 2006/112/EC as regards conferral of implementing powers to the Commission to determine the meaning of the terms used in certain provisions of that Directive.

The committee responsible recommended that Parliament approve the Commission proposal without amendments.

As a reminder, the Commission currently has no implementing powers in respect of the VAT Directive. The only existing tool for the Commission to promote the uniform application of EU VAT rules is an advisory committee set up under Article 398 of the VAT Directive, the 'VAT Committee'.

As an advisory committee, the VAT Committee can currently only agree non-binding guidelines on the application of the VAT Directive, while binding implementing measures can only be adopted by the Council on the basis of a Commission proposal.

In order to avoid divergent interpretations of the VAT Directive by Member States and to allow for the adoption of interpretations of a number of VAT provisions which are binding on all Member States, the Commission proposes to amend the VAT Directive to establish a committee which would oversee the adoption by the Commission of implementing acts in certain areas of VAT.

The procedure it will follow is the examination procedure as required by Article 2 of the Comitology Regulation, which requires a qualified majority vote for the adoption of implementing measures.

Under the proposal:

- comitology procedures would only be applied in respect of a limited set of implementing rules for provisions of the VAT Directive for which a common interpretation is required. Any amendment to the VAT Directive will require, as is the case today, the unanimous agreement of the Council;

- the Council would retain its implementing powers insofar as these fall outside the strictly defined scope of the Commission's empowerment and, in particular, relate to substantial matters especially sensitive for Member States.

- the former 'VAT Committee' would remain a forum for discussion with the possibility of adopting non-binding guidelines on the application of the VAT Directive.

# Common system of value added tax (VAT): conferral of implementing powers to the Commission to determine the meaning of the terms used in certain provisions

2020/0331(CNS) - 07/07/2021 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 561 votes to 43, with 88 abstentions, following the consultation procedure, a legislative resolution on the proposal for a Council directive amending Directive 2006/112/EC as regards conferral of implementing powers to the Commission to determine the meaning of the terms used in certain provisions of that Directive.

Parliament approved the Commission's proposal without amendments.

The proposal aims to give the Commission implementing powers to determine the meaning of certain terms used in Directive 2006/112/EC.

Specifically, the proposal aims to amend the VAT Directive to create a committee to oversee the adoption of implementing acts by the Commission in certain areas of VAT. Comitology procedures would only be applied in respect of a limited set of implementing rules for the provisions of the VAT Directive for which a common interpretation is required.

The Council would retain its implementing powers insofar as they do not fall within the strictly defined scope of empowerment of the Commission and in particular on substantial matters especially sensitive for Member States.