Basic information

2020/0331(CNS) CNS - Consultation procedure 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 Amending Directive 2006/112 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	TINAGLI Irene (S&D)	26/01/2021
	Shadow rapporteur NIEDERMAYER Luděk (EPP) IJABS Ivars (Renew) GRUFFAT Claude (Greens/EFA) JURZYCA Eugen (ECR) 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

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

Technical information

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

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.