

Value added tax (VAT): application of the reverse charge mechanism to supplies of certain services susceptible to fraud

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The Council agreed on a **general approach**, pending the opinion of the European Parliament, on a draft directive that would allow Member States to implement, on an optional and temporary basis, a reversal of liability for the payment of VAT (value-added tax) on greenhouse gas emission allowances.

The aim is to close off certain forms of tax fraud, in particular so-called carousel schemes whereby supplies are traded several times by different suppliers without VAT being paid to the tax authorities. Applying a "reverse charge" principle, the draft directive would allow, until 30 June 2015, liability for the payment of VAT on emission allowances and services to be shifted from the supplier (as normally required by EU rules) to the customer.

The Council will continue to work on other elements of the proposal as regards the application of the reverse charge mechanism to mobile phones and electronic circuit devices with a view to reaching an agreement as soon as possible.

Pending agreement on the proposal, in the event of a justified request by a member state according to article 395 of the VAT directive (2006/112/EC) for the application of the reverse charge mechanism to mobile phones and electronic circuit devices, the Commission declared that it would present a proposal for a derogation before June 2010.

Member states that are at present authorised to apply the reverse charge mechanism to mobile phones and electronic circuit devices will be allowed to continue to apply that arrangement until agreement is reached on a new decision or directive.