## Basic information

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

## Key players

### European Parliament

| Committee responsible | Rapporteur | Appointed |
|---|---|---|
| ECON Economic and Monetary Affairs | | |

| Committee for opinion | Rapporteur for opinion | Appointed |
|---|---|---|
| IMCO Internal Market and Consumer Protection | | |

### Council of the European Union

| Council configuration | Meetings | Date |
|---|---|---|
| Economic and Financial Affairs ECOFIN | 1294 | 2020-12-01 |

### European Commission

| Commission DG | Commissioner |
|---|---|
| Taxation and Customs Union | 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<br>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 | |

**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.