


Procedure file

Basic information		
CNS - Consultation procedure Directive	1998/0209(CNS)	Procedure lapsed or withdrawn
Value added tax VAT: right to deduct		
Subject 2.70.02 Indirect taxation, VAT, excise duties		

Key players			
European Parliament			
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2460	05/11/2002
European Commission	Commission DG	Commissioner	
	Taxation and Customs Union		

Key events			
16/06/1998	Legislative proposal published	COM(1998)0377	Summary
14/09/1998	Committee referral announced in Parliament		
08/12/1998	Vote in committee		Summary
07/12/1998	Committee report tabled for plenary, 1st reading/single reading	A4-0490/1998	
13/01/1999	Debate in Parliament		
14/01/1999	Decision by Parliament	T4-0031/1999	Summary
05/11/2002	Debate in Council	2460	Summary
17/03/2006	Additional information		Summary

Technical information	
Procedure reference	1998/0209(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	EC Treaty (after Amsterdam) EC 093
Stage reached in procedure	Procedure lapsed or withdrawn

Documentation gateway					
Legislative proposal		COM(1998)0377	17/06/1998	EC	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0490/1998 OJ C 104 14.04.1999, p. 0004	08/12/1998	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0031/1999 OJ C 104 14.04.1999, p. 0103-0125	14/01/1999	EP	Summary
Economic and Social Committee: opinion, report		CES0071/1999 OJ C 101 12.04.1999, p. 0073	28/01/1999	ESC	

Additional information	
European Commission	EUR-Lex

Value added tax VAT: right to deduct

PURPOSE: to amend the Sixth Directive regarding the rules governing the right to deduct Value Added Tax. **CONTENT:** this proposal aims to simplify the procedures enabling taxable persons established in the Community to recover the tax in a Member State where they are not established, by means of the following measures: - amending Article 17 of the Sixth Directive, to include the right to deduct the VAT paid in a Member State where the taxable person is not established, with the result that the amount of VAT eligible for deduction will now be determined according to the rules of the Member State of establishment, and no longer according to the rules of the Member State which collected the tax, as is the case at present. In substance, the proposed measures achieve the following result: 1) if the taxable person is identified in a single Member State, the VAT is deducted in that Member State, irrespective of the Member State where he incurred the VAT-incurring expenditure. 2) if the taxable person is identified in several Member States: a) and he is identified in the Member State where he has incurred the VAT-bearing expenditure, the VAT is deducted in that Member State (no change as compared with the present solution) b) and he is not identified in the Member State where he has incurred the VAT-bearing expenditure, the VAT is deducted in the Member State where he supplies goods or services for which the expenditure is used. - amending Article 22 of the Sixth Directive to provide that taxable persons must present a specific document, attached to their periodic return, detailing the VAT amounts paid in other Member States which they are requesting to be deducted, broken down by Member State and annexed with a copy of the invoices or import documents as proof. - repealing the Eighth Directive.?

Value added tax VAT: right to deduct

In approving its opinion on the rules governing the right to deduct VAT drafted by Mr. Riccardo GAROSCI (I, EPP), the European Parliament adopted a number of amendments. The essence of the amendments is as follows: - that rules and conditions in the Member States with respect to deductions of VAT and exemptions for certain persons/activities (cultural, artistic, musical, health-related, etc.) need to be brought closer together; - that expenditure on accommodation, food and drink, when incurred in the context of a professional activity, should be considered no different from other business expenditure (whereas the Commission had proposed that these expenses be deductible at the rate of 50%); - that the importance of the hotel, restaurant and cafe sector for employment and social integration be taken into account in the framing of these rules. ?

Value added tax VAT: right to deduct

The Council took note of a progress report concerning VAT-right to deduct (including cross border right of deduction) and of a Commission report on the review of Article 9 of the 6th VAT Directive. (13347/1/02 REV 1 and 13634/02).

The Council also asked the Permanent Representatives Committee to report in a forthcoming Council session on the proposal for amending the 6th VAT Directive as regards the rules governing the right to deduct and invited the Commission to continue its work on the revision of Article 9 of the 6th VAT Directive.

Value added tax VAT: right to deduct

?Following the screening exercise of proposals pending undertaken as part of its effort for better regulation in the framework of the Partnership for Growth and Jobs in the European Union, the Commission has decided to withdraw certain proposals on which the Legislator has not yet reached a decision and which were found not to be consistent with the Lisbon and Better Regulation criteria, unlikely to make further progress in the legislative process or found to be no longer topical for objective reasons?. (OJ C64 of 17.03.2006, pages 3-10).