









Procedure file

Basic information	
CNS - Consultation procedure Directive	2020/0165(CNS) Procedure completed
Common system of value added tax: identification of taxable persons in Northern Ireland	
Amending Directive 2006/112 2004/0079(CNS)	
Subject 2.70.02 Indirect taxation, VAT, excise duties	
Geographical area United Kingdom	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Economic and Monetary Affairs	 TINAGLI Irene Shadow rapporteur	07/09/2020
Council of the European Union		 FERBER Markus	
		 KELLEHER Billy	
		 BECK Gunnar	
		 GRUFFAT Claude	
		 JAKI Patryk	
		 MACMANUS Chris	

Key events			
07/08/2020	Legislative proposal published	COM(2020)0360	Summary
14/09/2020	Committee referral announced in Parliament, 1st reading/single reading		
27/10/2020	Vote in committee, 1st reading/single reading		
29/10/2020	Committee report tabled for plenary, 1st reading/single reading	A9-0200/2020	
11/11/2020	Decision by Parliament, 1st reading/single reading	T9-0299/2020	Summary
25/11/2020	Act adopted by Council after consultation of Parliament		
25/11/2020	Final act published in Official Journal		

Technical information	
Procedure reference	2020/0165(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 2006/112 2004/0079(CNS)
Legal basis	Treaty on the Functioning of the EU TFEU 113
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/03986

Documentation gateway					
Legislative proposal		COM(2020)0360	07/08/2020	EC	Summary
Committee draft report		PE657.280	05/10/2020	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0200/2020	29/10/2020	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0299/2020	11/11/2020	EP	Summary

Final act
Directive 2020/1756 OJ L 396 25.11.2020, p. 0001

Common system of value added tax: identification of taxable persons in Northern Ireland

PURPOSE: to amend Directive 2006/112/EC on the common system of value added tax (VAT) as regards the identification of taxable persons in Northern Ireland.

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 United Kingdom withdrew from the European Union on 31 January 2020 in accordance with the Withdrawal Agreement of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

The Agreement provides for a transition period ending on 31 December 2020. Until that date, EU VAT legislation continues to apply to the United Kingdom and its territory. After the transitional period, EU VAT legislation shall no longer apply in the United Kingdom or on its territory.

However, on the basis of the Protocol on Ireland/Northern Ireland, which is part of the Withdrawal Agreement, Northern Ireland shall remain under the EU VAT legislation regarding goods with a view to avoiding a hard border between Ireland and Northern Ireland. For services, on the other hand, Northern Ireland is, together with the rest of the UK, considered as outside the EU. This inevitably leads to a dual or mixed VAT system in Northern Ireland.

For the proper functioning of the Union VAT system, it is essential that a distinct VAT number is granted to every taxable person who carries out supplies of goods in Northern Ireland or makes intra-Community acquisitions of goods (including by non-taxable legal persons) are identified in Northern Ireland via a separate EU VAT identification number, granted according to the EU rules and that is different from any UK VAT identification numbers (starting with GB) which shall be granted according to the UK legislation.

CONTENT: the proposal to amend the VAT Directive aims to introduce VAT identification numbers in Northern Ireland with a specific prefix to distinguish between, on the one hand, taxable persons and non-taxable legal persons whose transactions involving goods located in Northern Ireland are subject to EU VAT legislation and, on the other hand, persons carrying out other transactions for which they are identified for VAT purposes in the United Kingdom.

Therefore, it is proposed that VAT identification numbers in Northern Ireland have the specific prefix XI. A new specific prefix is necessary since Northern Ireland has no specific ISO code 3166 alpha 2, which is used to determine the prefixes of VAT identification numbers in the

EU as stipulated in the VAT Directive. However, the ISO foresees in the possibility to use X-codes for territories that do not have a specific code; the code XI is therefore a logical choice.

Member States shall transpose the Directive by 31 December 2020 at the latest.

Common system of value added tax: identification of taxable persons in Northern Ireland

The European Parliament adopted by 641 votes to 17, with 27 abstentions, following a special legislative consultation procedure), a legislative resolution on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax as regards the identification of taxable persons in Northern Ireland.

Parliament approved the Commission's proposal without amendment.

As a reminder, from 1 January 2021, EU VAT legislation will no longer apply to the UK. However, on the basis of the Protocol on Ireland/Northern Ireland, which is part of the Withdrawal Agreement, Northern Ireland will remain under the EU VAT legislation regarding goods with a view to avoiding a hard border between Ireland and Northern Ireland.

For services, on the other hand, Northern Ireland is, together with the rest of the UK, considered as outside the EU.

For the EU VAT system to function properly, it is essential that taxable persons carrying out in Northern Ireland supplies of goods or intra-Community acquisitions of goods are identified for VAT purposes according to the EU rules.

To this end, it is important that those taxable persons are identified in Northern Ireland by means of a separate EU VAT identification number, granted according to the EU rules and that is different from any UK VAT identification numbers.

The Commission therefore proposes that VAT identification numbers in Ireland should include the specific prefix "XI".