









Procedure file

Basic information	
CNS - Consultation procedure Directive	2022/0027(CNS) Procedure completed
Common system of value added tax (VAT): extension of the application period of the optional reverse charge mechanism in relation to supplies of certain goods and services susceptible to fraud and of the Quick Reaction Mechanism against VAT fraud	
Amending Directive 2006/112 2004/0079(CNS)	
Subject 2.70.02 Indirect taxation, VAT, excise duties	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Economic and Monetary Affairs	 FERBER Markus	03/03/2022
Council of the European Union		Shadow rapporteur	
		 GUALMINI Elisabetta	
		 CHASTEL Olivier	
		 URTASUN Ernest	
		 BECK Gunnar	
		 MOŹDŹANOWSKA Andželika Anna	
		 GUSMÃO José	
European Commission	Commission DG Taxation and Customs Union	Commissioner GENTILONI Paolo	

Key events			
10/02/2022	Legislative proposal published	COM(2022)0039	Summary
07/03/2022	Committee referral announced in Parliament		
20/04/2022	Vote in committee		
26/04/2022	Committee report tabled for plenary, 1st reading/single reading	A9-0128/2022	
03/05/2022	Decision by Parliament	T9-0131/2022	Summary
03/06/2022	Act adopted by Council after consultation of Parliament		

Technical information	
Procedure reference	2022/0027(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/9/08358

Documentation gateway					
Legislative proposal		COM(2022)0039	10/02/2022	EC	Summary
Economic and Social Committee: opinion, report		CES1319/2022	23/03/2022	ESC	
Committee draft report		PE729.901	05/04/2022	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0128/2022	26/04/2022	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0131/2022	03/05/2022	EP	Summary

Final act
Directive 2022/890 OJ L 155 08.06.2022, p. 0001

Common system of value added tax (VAT): extension of the application period of the optional reverse charge mechanism in relation to supplies of certain goods and services susceptible to fraud and of the Quick Reaction Mechanism against VAT fraud

PURPOSE: to extend the application period of the optional reverse charge mechanism for supplies of certain goods and services susceptible to fraud and of the Quick Reaction Mechanism against VAT fraud.

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: tax fraud in the field of value added tax (VAT) leads to considerable budget losses and has an impact on the operation of the internal market.

Article 199a of Council Directive 2006/112/EC provides for Member States to use, on an optional basis, the reverse charge mechanism for the payment of VAT on supplies of pre-defined goods and services that are susceptible to fraud, and in particular, Missing Trader Intra-Community (MTIC) fraud.

The Quick Reaction Mechanism (QRM) special measure set out in Article 199b of that Directive offers Member States, under certain strict conditions, a faster procedure that allows for the introduction of the reverse charge mechanism, resulting in a more adequate and effective response to sudden and massive fraud.

Both Articles expire on 30 June 2022.

In order to deal with the issue of (MTIC) fraud in a more structural manner, the Commission made a proposal for the introduction of the so-called definitive VAT system, a simpler and fraud-proof system for intra-Union trade of goods. However, the state of play of the ongoing

negotiations in the Council indicates that it will not be possible for the definitive VAT system to enter into force on 1 July 2022.

To allow the negotiations on the definitive system to continue, without putting at risk the available tools in order to combat VAT fraud, the Commission considers it necessary to extend the anti-fraud measures provided for in Articles 199a and 199b for a further limited period.

CONTENT: this proposal for a Directive amending Council Directive 2006/112/EC on the common system of value added tax (the VAT Directive) seeks to prolong until 31 December 2025:

(1) the possibility for Member States to apply the reverse charge mechanism to combat existing fraud in supplies of goods and services included in Article 199a(1) of the VAT Directive and;

(2) the possibility to use the Quick Reaction Mechanism (QRM), as set out in Article 199b of the VAT Directive, to combat fraud via the application of the reverse charge mechanism in very specific cases.

This seems to be a reasonable period in order to allow Council negotiations on the definitive VAT system to continue. If the definitive VAT system does not enter into force before that date, the arrangements in Article 199a of the VAT Directive might, because of the sunset clause, come to an end in 2025. If the definitive VAT system would enter into force before 2025, Articles 199a and 199b will be amended and therefore replace the current rules which are being extended.

Similarly, this extension is also linked to the development and adoption of a Commission proposal concerning VAT in the digital age, for which a date of entry into force cannot be provided at this stage. The adoption of the proposal itself by the Commission is scheduled for 2022.

Common system of value added tax (VAT): extension of the application period of the optional reverse charge mechanism in relation to supplies of certain goods and services susceptible to fraud and of the Quick Reaction Mechanism against VAT fraud

The European Parliament adopted by 605 votes to 2, with 27 abstentions, following a special legislative procedure (consultation), a legislative resolution on the proposal for a Council directive amending Directive 2006/112/EC as regards the extension of the application period of the optional reverse charge mechanism in relation to supplies of certain goods and services susceptible to fraud and of the Quick Reaction Mechanism against VAT fraud.

Parliament approved the Commission's proposal without amendments.

The proposal for a Directive amending Council Directive 2006/112/EC on the common system of value added tax (the VAT Directive) consists of extending until 31 December 2025:

1) the possibility for Member States to apply the reverse charge mechanism to combat existing fraud affecting supplies of goods and services referred to in Article 199a(1) of the VAT Directive and

2) the possibility to use the Quick Reaction Mechanism (QRM), as provided for in Article 199b of the VAT Directive, to combat fraud via the application of the reverse charge mechanism in specific cases.