

# Procedure file

Basic information	
CNS - Consultation procedure Directive	2018/0150(CNS)
Procedure completed	
Common system of value added tax (VAT): period of application 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/EC <a href="#">2004/0079(CNS)</a>	
Subject 2.70.02 Indirect taxation, VAT, excise duties	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 <a href="#">Economic and Monetary Affairs</a>	 <a href="#">PIETIKÄINEN Sirpa</a>	20/06/2018
		Shadow rapporteur	
		 <a href="#">SZANYI Tibor</a>	
		 <a href="#">SWINBURNE Kay</a>	
		 <a href="#">CORNILLET Thierry</a>	
	 <a href="#">SCHIRDEWAN Martin</a>		
	 <a href="#">SCOTT CATO Molly</a>		
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3646</a>	06/11/2018
European Commission	Commission DG	Commissioner	
	<a href="#">Taxation and Customs Union</a>	MOSCOVICI Pierre	

Key events			
25/05/2018	Legislative proposal published	<a href="#">COM(2018)0298</a>	Summary
14/06/2018	Committee referral announced in Parliament, 1st reading/single reading		
07/09/2018	Vote in committee, 1st reading/single reading		
10/09/2018	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A8-0283/2018</a>	Summary
02/10/2018	Debate in Parliament		
03/10/2018	Decision by Parliament, 1st reading/single reading	<a href="#">T8-0367/2018</a>	Summary

06/11/2018	Act adopted by Council after consultation of Parliament		
06/11/2018	End of procedure in Parliament		
12/11/2018	Final act published in Official Journal		

### Technical information

Procedure reference	2018/0150(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 2006/112/EC <a href="#">2004/0079(CNS)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 113
Modified legal basis	Rules of Procedure EP 150
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/13244

### Documentation gateway

Legislative proposal	<a href="#">COM(2018)0298</a>	25/05/2018	EC	Summary
Committee draft report	<a href="#">PE625.397</a>	11/07/2018	EP	
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A8-0283/2018</a>	10/09/2018	EP	Summary
Text adopted by Parliament, 1st reading/single reading	<a href="#">T8-0367/2018</a>	03/10/2018	EP	Summary

### Final act

Directive 2018/1695  
OJ L 282 12.11.2018, p. 0005

Corrigendum to final act 32018L1695R(01)  
OJ L 329 27.12.2018, p. 0053

## 2018/0150(CNS) - 25/05/2018 Legislative proposal

**PURPOSE:** to amend Council Directive 2006/112/EC on the common system of VAT in order to combat fraud affecting certain supplies of goods and services and to assist Member States in dealing with cases of sudden and massive 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:** Article 199a of [Council Directive 2006/112/EC](#) (the VAT Directive) allows Member States to optionally use the reverse charge mechanism for payment of VAT on supplies of pre-defined goods and services, which are susceptible to fraud, and in particular, to missing trader intra-Community (MTIC) fraud. Article 199a offers an option of applying the reverse charge mechanism for listed supplies and Article 199b by offering an accelerated procedure for the introduction of the reverse charge mechanism in case of sudden and massive fraud. Both Articles expire on 31 December 2018.

The Commission recently presented two legislative proposals which aim at tackling VAT fraud more fundamentally. The first is a proposal for administrative cooperation and fighting fraud in the field of VAT. The second is the [proposal](#) outlining the cornerstones for a simpler and fraud-proof definitive VAT system for intra-Union trade. A two-step approach will be followed for the implementation of these cornerstones. As a first step, the Commission will present in the first semester of 2018 a proposal containing the detailed provisions for the operation of the definitive arrangements for intra-Union Business-to-Business (B2B) supplies of goods.

These arrangements, which should enter into force on 1 July 2022, provide a fundamental response to missing trader intra-Community (MTIC) fraud. Since VAT would be effectively charged on intra-Union supplies, a trader can no longer acquire goods, transported or dispatched from another Member State, exempt from VAT which is at the root of the MTIC fraud.

On 8 March 2018, the Commission presented a [report](#) on the effects of the mechanisms on combating fraud referred to in Articles 199a and 199b of VAT Directive. The report concluded that these mechanisms have proved useful as temporary and targeted measures. Their expiration on 31 December 2018 would deprive Member States of an efficient tool to fight fraud. The Commission therefore proposes to prolong the measures included in Articles 199a and 199b until 30 June 2022, the date on which the definitive regime for intra-Union B2B supplies of goods should enter into force.

CONTENT: this proposal to amend the VAT Directive seeks to prolong until 30 June 2022:

- 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;
- the possibility to use the Quick Reaction Mechanism to fight sudden and massive fraud.

The current proposal is without prejudice to the Commission's [proposal](#) as regards the temporary application of a generalised reverse charge mechanism which would provide Member States that are particularly affected by fraud with the possibility to introduce a general (and not sector specific) reverse charge mechanism for domestic supplies of goods and services provided strict conditions are met.

## 2018/0150(CNS) - 10/09/2018 Committee report tabled for plenary, 1st reading/single reading

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The Committee on Economic and Monetary Affairs adopted, under the consultation procedure, the report by Sirpa PIETIKÄINEN (EPP, FI) on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax as regards the period of application 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 committee recommended that the European Parliament approve the Commission proposal without amendments.

The purpose of this proposal is to prolong: (i) 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 of the VAT Directive and (ii) the possibility to use the Quick Reaction Mechanism (QRM) to combat fraud.

The purpose of the measures foreseen in Articles 199a and 199b is to allow Member States to quickly tackle problems of the Missing Trader Intra-Community (MTIC) fraud. The measures included in Articles 199a and 199b of the VAT Directive have been useful as temporary and targeted measures. Their expiration on 31 December 2018 would deprive Member States of an efficient tool to fight fraud.

It is therefore proposed to prolong the measures included in Articles 199a and 199b until 30 June 2022, the date on which the definitive regime for intra-Union B2B supplies of goods should enter into force.

## 2018/0150(CNS) - 03/10/2018 Text adopted by Parliament, 1st reading/single reading

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The European Parliament adopted by 615 votes to 9 with 43 abstentions, under a special legislative procedure (consultation), 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 period of application 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 proposal without amendments.

The proposal aims to extend until 30 June 2022: (i) the possibility for Member States to apply the reverse charge mechanism to combat existing fraud affecting supplies of goods and services included in Article 199a of the VAT Directive and (ii) the possibility to use the Quick Reaction Mechanism to fight sudden and massive fraud.