Procedure file

Basic information

CNS - Consultation procedure Directive	2020/0311(CNS)	Awaiting committee decision
Temporary measures in relation to value added tax for COVID-19 vaccines and in vitro diagnostic medical devices Subject 2.70.02 Indirect taxation, VAT, excise duties 4.20.01 Medicine, diseases Legislative priorities 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			

Key events

28/10/2020	Legislative proposal published	COM(2020)0688	Summary
11/11/2020	Committee referral announced in Parliament, 1st reading/single reading		

Forecasts

23/11/2020	Vote in plenary scheduled

Technical information

Procedure reference	2020/0311(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	Treaty on the Functioning of the EU TFEU 113
Stage reached in procedure	Awaiting committee decision
Committee dossier	ECON/9/04526

Documentation gateway

Legislative proposal		COM(2020)0688	28/10/2020	EC	Summary

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.