

VAT: The Commission formally asks the Netherlands to modify its legislation

The European Commission sent a reasoned opinion to Netherlands because of the too wide application of the Dutch VAT exemption for sports activities in respect of water sport.

The VAT Directive, more in particular Article 132 (1)(m), provides for an exemption from VAT to the supply of certain services closely linked to sport or physical education by non-profit making organisations to persons taking part in sport or physical education.

The Dutch law provides for a VAT exemption to services to members by organisation with the objective of practising or promoting sport, with the exception of the services of water sport organisations using one or more persons in their employment for the provision of these services, where such services consist of performing activities in relation to vessels or providing berths or moorings for vessels with the assistance of these persons.

The Commission considers that the VAT exemption should be applied to the provision of berths or moorings because such activities cannot be considered as services closely linked to sport or physical education. Further, the way in which the Netherlands distinguishes which organisations can benefit from the VAT exemption is not in line with the VAT Directive and even threatens to distort competition.

Press releases on infringement proceedings in the field of taxation and the customs union can be consulted at:

http://ec.europa.eu/taxation_customs/common/infringements/infringement_cases/index_en.htm

The latest general information on infringement proceedings against Member States can be found at:

http://ec.europa.eu/community_law/eulaw/index_en.htm