

# VAT DIRECTIVE

**(COUNCIL DIRECTIVE 2006/112/EC)  
- including all amendments already adopted -**

**with the inclusion of  
the Proposal on arrangements for  
the Definitive VAT system  
(COM(2018) 329 of 25 May 2018)**

## **Commission services Working Paper**

**Disclaimer:** this document is made available for information purposes only and, in case of discrepancies, it is the text of the Commission proposal [COM(2018)329] that prevails.

**Note:** This paper does not take account of other Commission proposals for amending the VAT Directive on the table

### **Explanation of the marks used in the document:**

Changes proposed to the VAT Directive are highlighted in **grey**

When parts of the text within a legal provision are proposed deleted, this is indicated in the text as follows: **[...]**

When whole Chapters, Articles, paragraphs, subparagraphs or points are proposed deleted, this is also indicated as follows: **[...]**

When the deletion of whole Chapters, Articles, paragraphs, subparagraphs or points was done through previous amendments to the VAT Directive, this is indicated as follows: **[...]**



COUNCIL DIRECTIVE 2006/112/EC

OF 28 NOVEMBER 2006

ON THE COMMON SYSTEM OF VALUE ADDED TAX

**TITLE I**  
**SUBJECT MATTER AND SCOPE**

*Article 1*

1. This Directive establishes the common system of value added tax (VAT).

2. The principle of the common system of VAT entails the application to goods and services of a general tax on consumption exactly proportional to the price of the goods and services, however many transactions take place in the production and distribution process before the stage at which the tax is charged.

On each transaction, VAT, calculated on the price of the goods or services at the rate applicable to such goods or services, shall be chargeable after deduction of the amount of VAT borne directly by the various cost components.

The common system of VAT shall be applied up to and including the retail trade stage.

*Article 2*

1. The following transactions shall be subject to VAT:

(a) the supply of goods for consideration within the territory of a Member State by a taxable person acting as such;

(b) [...]

(c) the supply of services for consideration within the territory of a Member State by a taxable person acting as such;

(d) the importation of goods.

[...]

*Article 3*

[...]

*Article 4*

[...]

**TITLE II**  
**TERRITORIAL SCOPE**

*Article 5*

For the purposes of applying this Directive, the following definitions shall apply:

(1) 'Union' and 'territory of the Union' mean the territories of the Member States as defined in point (2);

(2) 'Member State' and 'territory of a Member State' mean the territory of each Member State of the Union to which the Treaty on the Functioning of the European Union is applicable, in accordance with Articles 349 and 355 of that Treaty, with the exception of any territory referred to in Article 6 of this Directive;

(3) 'third territories' means those territories referred to in Article 6;

(4) 'third country' means any State or territory to which the Treaty is not applicable.

*Article 6*

1. This Directive shall not apply to the following territories forming part of the customs territory of the Union:

(a) Mount Athos;

(b) the Canary Islands;

(c) the French territories referred to in Article 349 and Article 355(1) of the Treaty on the Functioning of the European Union;

(d) the Åland Islands;

(e) the Channel Islands.

2. This Directive shall not apply to the following territories not forming part of the customs territory of the Union:

(a) the Island of Heligoland;

(b) the territory of Büsingen;

(c) Ceuta;

(d) Melilla;

(e) Livigno;

(f) Campione d'Italia;

(g) the Italian waters of Lake Lugano.

*Article 7*

1. In view of the conventions and treaties concluded with France, the United Kingdom and Cyprus respectively, the Principality of Monaco, the Isle of Man and the United Kingdom Sovereign Base Areas of Akrotiri and Dhekelia shall not be regarded, for the purposes of the application of this Directive, as third countries.

2. Member States shall take the measures necessary to ensure that transactions originating in or intended for the Principality of Monaco are treated as transactions originating in or intended for France, that transactions

originating in or intended for the Isle of Man are treated as transactions originating in or intended for the United Kingdom, and that transactions originating in or intended for the United Kingdom Sovereign Base Areas of Akrotiri and Dhekelia are treated as transactions originating in or intended for Cyprus.

*Article 8*

If the Commission considers that the provisions laid down in Articles 6 and 7 are no longer justified, particularly in terms of fair competition or own resources, it shall present appropriate proposals to the Council.

**TITLE III  
TAXABLE PERSONS**

*Article 9*

1. 'Taxable person' shall mean any person who, independently, carries out in any place any economic activity, whatever the purpose or results of that activity.

Any activity of producers, traders or persons supplying services, including mining and agricultural activities and activities of the professions, shall be regarded as 'economic activity'. The exploitation of tangible or intangible property for the purposes of obtaining income therefrom on a continuing basis shall in particular be regarded as an economic activity.

2. In addition to the persons referred to in paragraph 1, any person who, on an occasional basis, supplies a new means of transport, which is dispatched or transported to the customer by the vendor or the customer, or on behalf of the vendor or the customer, to a destination outside the territory of a Member State but within the territory of the Union, shall be regarded as a taxable person.

3. For the purposes of paragraph 2, the following shall be regarded as 'means of transport', where they are intended for the transport of persons or goods:

- (a) motorised land vehicles the capacity of which exceeds 48 cubic centimetres or the power of which exceeds 7.2 kilowatts;
- (b) vessels exceeding 7.5 metres in length, with the exception of vessels used for navigation on the high seas and carrying passengers for reward, and of vessels used for the purposes of commercial, industrial or fishing activities, or for rescue or assistance at sea, or for inshore fishing;
- (c) aircraft the take off weight of which exceeds 1 550 kilograms, with the exception of aircraft used by airlines operating for reward chiefly on international routes.

These means of transport shall be regarded as 'new' in the cases:

- (a) of motorised land vehicles, where the supply takes place within six months of the date of first entry

into service or where the vehicle has travelled for no more than 6 000 kilometres;

- (b) of vessels, where the supply takes place within three months of the date of first entry into service or where the vessel has sailed for no more than 100 hours;

- (c) of aircraft, where the supply takes place within three months of the date of first entry into service or where the aircraft has flown for no more than 40 hours.

Member States shall lay down the conditions under which the facts referred to in the second subparagraph may be regarded as established.

*Article 10*

The condition in Article 9(1) that the economic activity be conducted 'independently' shall exclude employed and other persons from VAT in so far as they are bound to an employer by a contract of employment or by any other legal ties creating the relationship of employer and employee as regards working conditions, remuneration and the employer's liability.

*Article 11*

After consulting the advisory committee on value added tax (hereafter, the 'VAT Committee'), each Member State may regard as a single taxable person any persons established in the territory of that Member State who, while legally independent, are closely bound to one another by financial, economic and organisational links.

A Member State exercising the option provided for in the first paragraph, may adopt any measures needed to prevent tax evasion or avoidance through the use of this provision.

*Article 12*

1. Member States may regard as a taxable person anyone who carries out, on an occasional basis, [...] any of the following transactions:

- (a) the supply, before first occupation, of a building or parts of a building and of the land on which the building stands;
- (b) the supply of building land.

2. For the purposes of paragraph 1(a), 'building' shall mean any structure fixed to or in the ground.

Member States may lay down the detailed rules for applying the criterion referred to in paragraph 1(a) to conversions of buildings and may determine what is meant by 'the land on which a building stands'.

Member States may apply criteria other than that of first occupation, such as the period elapsing between the date of completion of the building and the date of first supply, or the period elapsing between the date of first occupation and the date of subsequent supply, provided that those periods do not exceed five years and two years respectively.

3. For the purposes of paragraph 1(b), 'building land' shall mean any unimproved or improved land defined as such by the Member States.

*Article 13*

1. States, regional and local government authorities and other bodies governed by public law shall not be regarded as taxable persons in respect of the activities or transactions in which they engage as public authorities, even where they collect dues, fees, contributions or payments in connection with those activities or transactions.

However, when they engage in such activities or transactions, they shall be regarded as taxable persons in respect of those activities or transactions where their treatment as non-taxable persons would lead to significant distortions of competition.

In any event, bodies governed by public law shall be regarded as taxable persons in respect of the activities listed in Annex I, provided that those activities are not carried out on such a small scale as to be negligible.

2. Member States may regard activities, exempt under Articles 132, 135, 136 and 371, Articles 374 to 377, Article 378(2), Article 379(2) or Articles 380 to 390c, engaged in by bodies governed by public law as activities in which those bodies engage as public authorities.

*Article 13a*

1. Any taxable person who has a place of business or a fixed establishment in the Union or in absence of place of business and fixed establishment has his permanent address or usual residence in the Union and who, in the course of his economic activity, carries out or intends to carry out, as supplier or as customer, any of the transactions referred to in point 3 of Article 14(4) and Articles 17a, 38 or 39 may apply to the tax authorities for the status of certified taxable person.

The tax authorities shall grant that status to an applicant where the criteria set out in paragraph 2 are met, unless the applicant is excluded from such certification by virtue of the terms of paragraph 3.

Where the applicant is a taxable person who has been granted the status of an authorised economic operator for customs purposes, the criteria in paragraph 2 shall be deemed to have been met.

2. All the following criteria shall be required to be met in order to grant the status of a certified taxable person:

- (a) the absence of any serious infringement or repeated infringements of taxation rules and customs legislation, as well as of any record of serious criminal offences relating to the economic activity of the applicant;
- (b) the demonstration by the applicant of a high level of control of his operations and of the flow of goods, either by means of a system managing commercial and, where appropriate, transport

records, which allows appropriate tax controls, or by means of a reliable or certified internal audit trail;

- (c) evidence of financial solvency of the applicant, which shall be deemed to be proven either where the applicant has good financial standing, which enables him to fulfil his commitments, with due regard to the characteristics of the type of business activity concerned, or through the production of guarantees provided by insurance or other financial institutions or by other economically reliable third parties.

3. The following taxable persons may not be granted the status of a certified taxable person:

- (a) taxable persons covered by the common flat-rate scheme for farmers;
- (b) taxable persons covered by the exemption for small enterprises provided for in Section 2 of Chapter 1 of Title XII;
- (c) taxable persons carrying out supplies of goods or services in respect of which VAT is not deductible;
- (d) taxable persons carrying out an occasional supply of a new means of transport within the meaning of Article 9(2) or carrying out an occasional activity within the meaning of Article 12.

However, the taxable persons referred to in points (a) to (d) may be granted the status of a certified taxable person in respect of other economic activities that they carry out.

4. A taxable person who applies for the status of a certified taxable person shall supply all the information required by the tax authorities in order to enable them to take a decision.

For the purposes of granting this tax status, tax authorities shall mean:

- (a) those of the Member State where the applicant has established his business;
- (b) those of the Member State with the fixed establishment of the applicant in which his main accounts within the Union for tax purposes are held or accessible, where the applicant has established his business outside the Union but has one or more fixed establishments within the Union;
- (c) those of the Member State where the applicant has his permanent address or where he usually resides, where he has neither a place of business nor a fixed establishment.

5. Where the application is refused, the grounds for refusal shall be notified by the tax authorities to the applicant together with the decision. Member States shall ensure that the applicant is granted a right of appeal against any decision to refuse an application.

6. The taxable person who has been granted the status of certified taxable person shall inform the tax authorities without delay of any factor arising after the

decision was taken, which may affect or influence the continuation of that status. The tax status shall be withdrawn by the tax authorities where the criteria set out in paragraph 2 are no longer met.

7. The status of a certified taxable person in one Member State shall be recognised by the tax authorities of all the Member States.

## TITLE IV TAXABLE TRANSACTIONS

### CHAPTER 1 SUPPLY OF GOODS

#### *Article 14*

1. 'Supply of goods' shall mean the transfer of the right to dispose of tangible property as owner.

2. In addition to the transaction referred to in paragraph 1, each of the following shall be regarded as a supply of goods:

- (a) the transfer, by order made by or in the name of a public authority or in pursuance of the law, of the ownership of property against payment of compensation;
  - (b) the actual handing over of goods pursuant to a contract for the hire of goods for a certain period, or for the sale of goods on deferred terms, which provides that in the normal course of events ownership is to pass at the latest upon payment of the final instalment;
  - (c) the transfer of goods pursuant to a contract under which commission is payable on purchase or sale.
3. Member States may regard the handing over of certain works of construction as a supply of goods.

4. For the purposes of this Directive, the following definitions shall apply:

- (1) 'intra-Union distance sales of goods' means supplies of goods dispatched or transported by or on behalf of the supplier, including where the supplier intervenes indirectly in the transport or dispatch of the goods, from a Member State other than that in which dispatch or transport of the goods to the customer ends, where the following conditions are met:
  - (a) the supply of goods is carried out for a non-taxable person other than a non-taxable legal person;
  - (b) the goods supplied are neither new means of transport nor goods supplied after assembly or installation, with or without a trial run, by or on behalf of the supplier;
- (2) 'distance sales of goods imported from third territories or third countries' means supplies of goods dispatched or transported by or on behalf of the supplier, including where the supplier intervenes

indirectly in the transport or dispatch of the goods, from a third territory or third country, to a customer in a Member State, where the following conditions are met:

- (a) the supply of goods is carried out for a non-taxable person other than a non-taxable legal person;
- (b) the goods supplied are neither new means of transport nor goods supplied after assembly or installation, with or without a trial run, by or on behalf of the supplier.

(3) 'intra-Union supply of goods' means a supply of goods where the following conditions are met:

- (a) the supply of goods is carried out by a taxable person for a taxable person or for a non-taxable legal person;
- (b) the goods are dispatched or transported, by or on behalf of the supplier or the person acquiring the goods within the European Union, from one Member State to another.

5. The following shall not be regarded as an intra-Union supply of goods

- (a) the supply of goods with assembly or installation, with or without a trial run, pursuant to Article 36;
- (b) the supply of goods that are exempt pursuant to Article 148 or 151;
- (c) the supply of goods by a taxable person covered by the common flat-rate scheme for farmers.

#### *Article 14a*

1. Where a taxable person facilitates, through the use of an electronic interface such as a marketplace, platform, portal or similar means, distance sales of goods imported from third territories or third countries in consignments of an intrinsic value not exceeding EUR 150, that taxable person shall be deemed to have received and supplied those goods himself.

2. Where a taxable person facilitates, through the use of an electronic interface such as a marketplace, platform, portal or similar means, the supply of goods within the Union by a taxable person not established within the Union to a non-taxable person, the taxable person who facilitates the supply shall be deemed to have received and supplied those goods himself.

#### *Article 15*

1. Electricity, gas, heat or cooling energy and the like shall be treated as tangible property.

2. Member States may regard the following as tangible property:

- (a) certain interests in immovable property;
- (b) rights *in rem* giving the holder thereof a right of use over immovable property;

- (c) shares or interests equivalent to shares giving the holder thereof *de jure* or *de facto* rights of ownership or possession over immovable property or part thereof.

*Article 16*

The application by a taxable person of goods forming part of his business assets for his private use or for that of his staff, or their disposal free of charge or, more generally, their application for purposes other than those of his business, shall be treated as a supply of goods for consideration, where the VAT on those goods or the component parts thereof was wholly or partly deductible.

However, the application of goods for business use as samples or as gifts of small value shall not be treated as a supply of goods for consideration.

*Article 17*

1. The transfer by a taxable person of goods forming part of his business assets to another Member State shall be treated as an intra-Union supply of goods for consideration.

'Transfer to another Member State' shall mean the dispatch or transport of movable tangible property by or on behalf of the taxable person, for the purposes of his business, to a destination outside the territory of the Member State in which the property is located, but within the Union.

2. The dispatch or transport of goods for the purposes of any of the following transactions shall not be regarded as a transfer to another Member State:

- (a) the supply of the goods by the taxable person within the territory of the Member State in which the dispatch or transport ends, in accordance with the conditions laid down in Articles 33; 35a or 35b.
- (b) the supply of the goods, for installation or assembly by or on behalf of the supplier, by the taxable person within the territory of the Member State in which dispatch or transport of the goods ends, in accordance with the conditions laid down in Article 36;
- (c) the supply of the goods by the taxable person on board a ship, an aircraft or a train in the course of a passenger transport operation, in accordance with the conditions laid down in Article 37;
- (d) the supply of gas through a natural gas system situated within the territory of the Union or any network connected to such a system, the supply of electricity or the supply of heat or cooling energy through heating or cooling networks, in accordance with the conditions laid down in Articles 38 and 39;
- (e) the supply of the goods by the taxable person within the territory of the Member State, in accordance with the conditions laid down in Articles [...] 146, 147, 148, 151 or 152;

- (f) the supply of a service performed for the taxable person and consisting in valuations of, or work on, the goods in question physically carried out within the territory of the Member State in which dispatch or transport of the goods ends, provided that the goods, after being valued or worked upon, are returned to that taxable person in the Member State from which they were initially dispatched or transported;

- (g) the temporary use of the goods within the territory of the Member State in which dispatch or transport of the goods ends, for the purposes of the supply of services by the taxable person established within the Member State in which dispatch or transport of the goods began;

- (h) the temporary use of the goods, for a period not exceeding twenty four months, within the territory of another Member State, in which the importation of the same goods from a third country with a view to their temporary use would be covered by the arrangements for temporary importation with full exemption from import duties.

3. If one of the conditions governing eligibility under paragraph 2 is no longer met, the goods shall be regarded as having been transferred to another Member State. In such cases, the transfer shall be deemed to take place at the time when that condition ceases to be met.

*Article 17a*

1. The transfer by a taxable person of goods forming part of his business assets to another Member State under a call-off stock situation shall not be treated as an intra-Union supply of goods for consideration.

2. For the purposes of this Article a call-off stock situation shall be deemed to exist where the following conditions are met:

- (a) a certified taxable person dispatches or transports the goods to another Member State in order to supply them at a later stage and after their arrival to another certified taxable person whose identity and VAT identification number are already known at the time the transport begins;
- (b) the certified taxable person dispatching or transporting the goods is not established in the Member State to which the goods are dispatched or transported;
- (c) the certified taxable person acquiring the goods at a later stage and after their arrival is identified for VAT purposes in the Member State to which the goods are transferred;
- (d) the certified taxable person dispatching or transporting the goods has recorded the dispatch or transport in the register provided for in Article 243(3).

3. Where the conditions in paragraph 2 are met, at the time of the transfer of the right to dispose of the

goods to the certified taxable person referred to in point c) of that paragraph an intra-Union supply of goods shall be deemed to be made in the Member State to which the goods were dispatched or transported.

*Article 18*

Member States may treat each of the following transactions as a supply of goods for consideration:

- (a) the application by a taxable person for the purposes of his business of goods produced, constructed, extracted, processed, purchased or imported in the course of such business, where the VAT on such goods, had they been acquired from another taxable person, would not be wholly deductible;
- (b) the application of goods by a taxable person for the purposes of a non-taxable area of activity, where the VAT on such goods became wholly or partly deductible upon their acquisition or upon their application in accordance with point (a);
- (c) with the exception of the cases referred to in Article 19, the retention of goods by a taxable person, or by his successors, when he ceases to carry out a taxable economic activity, where the VAT on such goods became wholly or partly deductible upon their acquisition or upon their application in accordance with point (a).

*Article 18a*

The application by the armed forces of a State which is a party to the North Atlantic Treaty, for their use or for the use of the civilian staff accompanying them, of goods which they have not purchased subject to the general rules governing taxation on the domestic market of a Member State shall be treated as a supply of goods for consideration, where the importation of those goods would not be eligible for the exemption provided for in point (h) of Article 143(1).

*Article 19*

In the event of a transfer, whether for consideration or not or as a contribution to a company, of a totality of assets or part thereof, Member States shall consider that no supply of goods has taken place and that the person to whom the goods are transferred is to be treated as the successor to the transferor.

Member States shall, in cases where the recipient is not wholly liable to tax, take the measures necessary to prevent distortion of competition. They shall also adopt any measures needed to prevent tax evasion or avoidance through the use of this Article.

**CHAPTER 2**

**INTRA-COMMUNITY ACQUISITIONS OF GOODS**

[...]

**CHAPTER 3**  
**SUPPLY OF SERVICES**

*Article 24*

1. 'Supply of services' shall mean any transaction which does not constitute a supply of goods.
2. 'Telecommunications services' shall mean services relating to the transmission, emission or reception of signals, words, images and sounds or information of any nature by wire, radio, optical or other electromagnetic systems, including the related transfer or assignment of the right to use capacity for such transmission, emission or reception, with the inclusion of the provision of access to global information networks.

*Article 25*

A supply of services may consist, *inter alia*, in one of the following transactions:

- (a) the assignment of intangible property, whether or not the subject of a document establishing title;
- (b) the obligation to refrain from an act, or to tolerate an act or situation;
- (c) the performance of services in pursuance of an order made by or in the name of a public authority or in pursuance of the law.

*Article 26*

1. Each of the following transactions shall be treated as a supply of services for consideration:

- (a) the use of goods forming part of the assets of a business for the private use of a taxable person or of his staff or, more generally, for purposes other than those of his business, where the VAT on such goods was wholly or partly deductible;
- (b) the supply of services carried out free of charge by a taxable person for his private use or for that of his staff or, more generally, for purposes other than those of his business.

2. Member States may derogate from paragraph 1, provided that such derogation does not lead to distortion of competition.

*Article 27*

In order to prevent distortion of competition and after consulting the VAT Committee, Member States may treat as a supply of services for consideration the supply by a taxable person of a service for the purposes of his business, where the VAT on such a service, were it supplied by another taxable person, would not be wholly deductible.

*Article 28*

Where a taxable person acting in his own name but on behalf of another person takes part in a supply of services, he shall be deemed to have received and supplied those services himself.



*Article 29*

Article 19 shall apply in like manner to the supply of services.

**CHAPTER 4  
IMPORTATION OF GOODS**

*Article 30*

'Importation of goods' shall mean the entry into the Union of goods which are not in free circulation within the meaning of Article 29 of the Treaty on the Functioning of the European Union.

In addition to the transaction referred to in the first paragraph, the entry into the Union of goods which are in free circulation, coming from a third territory forming part of the customs territory of the Union, shall be regarded as importation of goods.

**CHAPTER 5  
PROVISIONS COMMON TO CHAPTERS 1 AND 3**

*Article 30a*

For the purposes of this Directive, the following definitions shall apply:

- (1) 'voucher' means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services and where the goods or services to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument;
- (2) 'single-purpose voucher' means a voucher where the place of supply of the goods or services to which the voucher relates, and the VAT due on those goods or services, are known at the time of issue of the voucher;
- (3) 'multi-purpose voucher' means a voucher, other than a single-purpose voucher.

*Article 30b*

1. Each transfer of a single-purpose voucher made by a taxable person acting in his own name shall be regarded as a supply of the goods or services to which the voucher relates. The actual handing over of the goods or the actual provision of the services in return for a single-purpose voucher accepted as consideration or part consideration by the supplier shall not be regarded as an independent transaction.

Where a transfer of a single-purpose voucher is made by a taxable person acting in the name of another taxable person, that transfer shall be regarded as a supply of the goods or services to which the voucher relates made by the other taxable person in whose name the taxable person is acting.

Where the supplier of goods or services is not the taxable person who, acting in his own name, issued the single-

purpose voucher, that supplier shall however be deemed to have made the supply of the goods or services related to that voucher to that taxable person

2. The actual handing over of goods or the actual provision of services made in return for a multi-purpose voucher accepted as consideration or part consideration by the supplier shall be subject to VAT pursuant to Article 2, whereas each preceding transfer of that multi-purpose voucher shall not be subject to VAT.

Where a transfer of a multi-purpose voucher is made by a taxable person other than the taxable person carrying out the transaction subject to VAT pursuant to the first subparagraph, any supply of services that can be identified, such as distribution or promotion services, shall be subject to VAT.

**TITLE V  
PLACE OF TAXABLE TRANSACTIONS**

**CHAPTER 1  
PLACE OF SUPPLY OF GOODS**

**Section 1  
Supply of goods without transport**

*Article 31*

Where goods are not dispatched or transported, the place of supply shall be deemed to be the place where the goods are located at the time when the supply takes place.

**Section 2  
Supply of goods with transport**

**Subsection 1  
General rule**

*Article 32*

Where goods are dispatched or transported by the supplier, or by the customer, or by a third person, the place of supply shall be deemed to be the place where the goods are located at the time when dispatch or transport of the goods to the customer begins.

However, if dispatch or transport of the goods begins in a third territory or third country, both the place of supply by the importer designated or recognised under Article 201 as liable for payment of VAT and the place of any subsequent supply shall be deemed to be within the Member State of importation of the goods.

**Subsection 2  
Particular provisions**

*Article 33*

[...]

1. The place of supply of intra-Union distance sales of goods shall be deemed to be the place where the goods are located at the time when dispatch or transport of the goods to the customer ends.

2. The place of supply of distance sales of goods imported from third territories or third countries into a Member State other than that in which dispatch or transport of the goods to the customer ends, shall be deemed to be the place where the goods are located at the time when dispatch or transport of the goods to the customer ends.

3. The place of supply of distance sales of goods imported from third territories or third countries into the Member State in which dispatch or transport of the goods ends shall be deemed to be in that Member State, provided that VAT on those goods is to be declared under the special scheme of Section 4 of Chapter 6 of Title XII.

*Article 34*

[...]

*Article 35*

[...]

*Article 35a*

The place of supply of an intra-Union supply of goods shall be deemed to be the place where the goods are located at the time when the dispatch or transport of those goods to the customer ends.

*Article 35b*

The place of supply of a new means of transport carried out for a non-taxable person other than a non-taxable legal person, where the goods are dispatched or transported from one Member State to another, shall be deemed to be the place where these goods are located at the time when dispatch or transport of those goods ends.

*Article 35c*

By way of derogation, Articles 33 and 35a shall not apply to the supply of second-hand goods, works of art, collectors' items or antiques, as defined in points (1) to (4) of Article 311(1) subject to VAT in accordance with that special arrangement.

*Article 35d*

For the purposes of Articles 35a and 35b if dispatch or transport of the goods begins in a third territory or third country and the supply by the importer designated or recognised in accordance with Article 201 as liable for payment of VAT or a subsequent supply involves the transport or dispatch of the goods that ends in a Member State other than the Member State of importation, the goods shall be considered as transported or dispatched from the Member State of importation.

*Article 36*

Where goods dispatched or transported by the supplier, by the customer or by a third person are installed or assembled, with or without a trial run, by or on behalf of the supplier, the place of supply shall be deemed to be the place where the goods are installed or assembled.

Where the installation or assembly is carried out in a Member State other than that of the supplier, the Member State within the territory of which the installation or assembly is carried out shall take the measures necessary to ensure that there is no double taxation in that Member State.

*Article 36a*

1. Where goods are supplied in the context of a chain transaction situation, the transport or dispatch from one Member State to another referred to in point (b) of Article 14(4)(3) shall be ascribed to the supply made by the provider to the intermediary operator, where the following conditions are met:

- (a) the intermediary operator communicates the name of the Member State of arrival of the goods to the provider;
- (b) the intermediary operator is identified for VAT purposes in a Member State other than that in which the dispatch or transport of the goods begins.

2. Where any of the conditions laid down in paragraph 1 is not met, in a chain transaction situation the transport or dispatch from one Member State to another referred to in point (b) of Article 14(4)(3) shall be ascribed to the supply made by the intermediary operator to the customer.

3. For the purposes of this Article, the following definitions shall apply:

- (a) 'chain transaction situation' shall mean a situation where successive supplies of the same goods by taxable persons give rise to a single transport or dispatch of those goods from one Member State to another and where both the intermediary operator and the provider are certified taxable persons;
- (b) 'intermediary operator' shall mean a supplier in the chain other than the first supplier, who dispatches or transports the goods, himself or by a third party on his behalf;
- (c) 'provider' shall mean the taxable person in the chain who supplies the goods to the intermediary operator;
- (d) 'customer' shall mean the taxable person to whom the intermediary operator supplies the goods in the chain.

**Section 3**

**Supply of goods on board ships, aircraft or trains**

*Article 37*

1. Where goods are supplied on board ships, aircraft or trains during the section of a passenger transport operation effected within the Union, the place of supply shall be deemed to be at the point of departure of the passenger transport operation.

2. For the purposes of paragraph 1, 'section of a passenger transport operation effected within the Union' shall mean the section of the operation effected, without a stopover outside the Union, between the point of departure and the point of arrival of the passenger transport operation.

'Point of departure of a passenger transport operation' shall mean the first scheduled point of passenger embarkation within the Union, where applicable after a stopover outside the Union.

'Point of arrival of a passenger transport operation' shall mean the last scheduled point of disembarkation within the Union of passengers who embarked in the Union, where applicable before a stopover outside the Union.

In the case of a return trip, the return leg shall be regarded as a separate transport operation.

3. Member States may exempt or continue to exempt, with deductibility of the VAT paid at the preceding stage, the supply of goods for consumption on board in respect of which the place of taxation is determined in accordance with paragraph 1.

**Section 4**  
**Supply of goods through**  
**a natural gas system, of electricity,**  
**and of heat or cooling energy through**  
**heating and cooling networks**

*Article 38*

1. In the case of the supply of gas through a natural gas system situated within the territory of the Union or any network connected to such a system, the supply of electricity, or the supply of heat or cooling energy through heating or cooling networks to a taxable dealer, the place of supply shall be deemed to be the place where that taxable dealer has established his business or has a fixed establishment for which the goods are supplied or, in the absence of such a place of business or fixed establishment, the place where he has his permanent address or usually resides.

2. For the purposes of paragraph 1, 'taxable dealer' shall mean a taxable person whose principal activity in respect of purchases of gas, electricity, heat or cooling energy is reselling those products and whose own consumption of those products is negligible.

*Article 39*

In the case of the supply of gas through a natural gas system situated within the territory of the Union or any network connected to such a system, the supply of electricity or the supply of heat or cooling energy through heating or cooling networks, where such a supply is not covered by Article 38, the place of supply shall be deemed to be the place where the customer effectively uses and consumes the goods.

Where all or part of the gas, electricity or heat or cooling energy is not effectively consumed by the customer, those non-consumed goods shall be deemed to have been used and

consumed at the place where the customer has established his business or has a fixed establishment for which the goods are supplied. In the absence of such a place of business or fixed establishment, the customer shall be deemed to have used and consumed the goods at the place where he has his permanent address or usually resides.

**CHAPTER 2**  
**PLACE OF AN INTRA-COMMUNITY ACQUISITION**  
**OF GOODS**

[...]

**CHAPTER 3**  
**PLACE OF SUPPLY OF SERVICES**

**Section 1**  
**Definitions**

*Article 43*

For the purpose of applying the rules concerning the place of supply of services:

- (1) a taxable person who also carries out activities or transactions that are not considered to be taxable supplies of goods or services in accordance with Article 2(1) shall be regarded as a taxable person in respect of all services rendered to him;
- (2) a non-taxable legal person who is identified for VAT purposes shall be regarded as a taxable person.

**Section 2**  
**General rules**

*Article 44*

The place of supply of services to a taxable person acting as such shall be the place where that person has established his business. However, if those services are provided to a fixed establishment of the taxable person located in a place other than the place where he has established his business, the place of supply of those services shall be the place where that fixed establishment is located. In the absence of such place of establishment or fixed establishment, the place of supply of services shall be the place where the taxable person who receives such services has his permanent address or usually resides.

*Article 45*

The place of supply of services to a non-taxable person shall be the place where the supplier has established his business. However, if those services are provided from a fixed establishment of the supplier located in a place other than the place where he has established his business, the place of supply of those services shall be the place where that fixed establishment is located. In the absence of such place of establishment or fixed establishment, the place of supply of services shall be the place where the supplier has his permanent address or usually resides.

**Section 3**  
**Particular provisions**

**Subsection 1**  
**Supply of services by intermediaries**

*Article 46*

The place of supply of services rendered to a non-taxable person by an intermediary acting in the name and on behalf of another person shall be the place where the underlying transaction is supplied in accordance with this Directive.

**Subsection 2**  
**Supply of services connected with immovable property**

*Article 47*

The place of supply of services connected with immovable property, including the services of experts and estate agents, the provision of accommodation in the hotel sector or in sectors with a similar function, such as holiday camps or sites developed for use as camping sites, the granting of rights to use immovable property and services for the preparation and coordination of construction work, such as the services of architects and of firms providing on-site supervision, shall be the place where the immovable property is located.

**Subsection 3**  
**Supply of transport**

*Article 48*

The place of supply of passenger transport shall be the place where the transport takes place, proportionate to the distances covered.

*Article 49*

The place of supply of the transport of goods, other than the intra-Union transport of goods, to non-taxable persons shall be the place where the transport takes place, proportionate to the distances covered.

*Article 50*

The place of supply of the intra-Union transport of goods to non-taxable persons shall be the place of departure.

*Article 51*

'Intra-Union transport of goods' shall mean any transport of goods in respect of which the place of departure and the place of arrival are situated within the territories of two different Member States.

'Place of departure' shall mean the place where transport of the goods actually begins, irrespective of distances covered in order to reach the place where the goods are located and 'place of arrival' shall mean the place where transport of the goods actually ends.

*Article 52*

Member States need not apply VAT to that part of the intra-Union transport of goods to non-taxable persons

taking place over waters which do not form part of the territory of the Union.

**Subsection 4**  
**Supply of cultural, artistic, sporting, scientific, educational, entertainment and similar services, ancillary transport services and valuations of and work on movable property**

*Article 53*

The place of supply of services in respect of admission to cultural, artistic, sporting, scientific, educational, entertainment or similar events, such as fairs and exhibitions, and of ancillary services related to the admission, supplied to a taxable person, shall be the place where those events actually take place.

*Article 54*

1. The place of supply of services and ancillary services, relating to cultural, artistic, sporting, scientific, educational, entertainment or similar activities, such as fairs and exhibitions, including the supply of services of the organisers of such activities, supplied to a non-taxable person shall be the place where those activities actually take place.

2. The place of supply of the following services to a non-taxable person shall be the place where the services are physically carried out:

- (a) ancillary transport activities such as loading, unloading, handling and similar activities;
- (b) valuations of and work on movable tangible property.

**Subsection 5**  
**Supply of restaurant and catering services**

*Article 55*

The place of supply of restaurant and catering services other than those physically carried out on board ships, aircraft or trains during the section of a passenger transport operation effected within the Union, shall be the place where the services are physically carried out.

**Subsection 6**  
**Hiring of means of transport**

*Article 56*

1. The place of short-term hiring of a means of transport shall be the place where the means of transport is actually put at the disposal of the customer.

2. The place of hiring, other than short-term hiring, of a means of transport to a non-taxable person shall be the place where the customer is established, has his permanent address or usually resides.

However, the place of hiring a pleasure boat to a non-taxable person, other than short-term hiring, shall be the place where the pleasure boat is actually put at the disposal of the customer, where this service is actually

provided by the supplier from his place of business or a fixed establishment situated in that place.

3. For the purposes of paragraphs 1 and 2, 'short-term' shall mean the continuous possession or use of the means of transport throughout a period of not more than thirty days and, in the case of vessels, not more than 90 days.

#### Subsection 7

##### Supply of restaurant and catering services for consumption on board ships, aircraft or trains

###### Article 57

1. The place of supply of restaurant and catering services which are physically carried out on board ships, aircraft or trains during the section of a passenger transport operation effected within the Union, shall be at the point of departure of the passenger transport operation.

2. For the purposes of paragraph 1, 'section of a passenger transport operation effected within the Union' shall mean the section of the operation effected, without a stopover outside the Union, between the point of departure and the point of arrival of the passenger transport operation.

'Point of departure of a passenger transport operation' shall mean the first scheduled point of passenger embarkation within the Union, where applicable after a stopover outside the Union.

'Point of arrival of a passenger transport operation' shall mean the last scheduled point of disembarkation within the Union of passengers who embarked in the Union, where applicable before a stopover outside the Union.

In the case of a return trip, the return leg shall be regarded as a separate transport operation.

#### Subsection 8

##### Supply of telecommunications, broadcasting and electronic services to non-taxable persons

###### Article 58

1. The place of supply of the following services to a non-taxable person shall be the place where that person is established, has his permanent address or usually resides:

- (a) telecommunications services;
- (b) radio and television broadcasting services;
- (c) electronically supplied services, in particular those referred to in Annex II.

Where the supplier of a service and the customer communicate via electronic mail, that shall not of itself mean that the service supplied is an electronically supplied service.

#### Subsection 9

##### Supply of services to non-taxable persons outside the Union

###### Article 59

The place of supply of the following services to a non-taxable person who is established or has his permanent address or usually resides outside the Union shall be the place where that person is established, has his permanent address or usually resides:

- (a) transfers and assignments of copyrights, patents, licences, trade marks and similar rights;
- (b) advertising services;
- (c) the services of consultants, engineers, consultancy firms, lawyers, accountants and other similar services, as well as data processing and the provision of information;
- (d) obligations to refrain from pursuing or exercising, in whole or in part, a business activity or a right referred to in this Article;
- (e) banking, financial and insurance transactions including reinsurance, with the exception of the hire of safes;
- (f) the supply of staff;
- (g) the hiring out of movable tangible property, with the exception of all means of transport;
- (h) the provision of access to a natural gas system situated within the territory of the Union or to any network connected to such a system, to the electricity system or to heating or cooling networks, or the transmission or distribution through these systems or networks, and the provision of other services directly linked thereto;

#### Subsection 10

##### Prevention of double taxation or non-taxation

###### Article 59a

In order to prevent double taxation, non-taxation or distortion of competition, Member States may, with regard to services the place of supply of which is governed by Articles 44, 45, 56, 58 and 59:

- (a) consider the place of supply of any or all of those services, if situated within their territory, as being situated outside the Union if the effective use and enjoyment of the services takes place outside the Union;
- (b) consider the place of supply of any or all of those services, if situated outside the Union, as being situated within their territory if the effective use and enjoyment of the services takes place within their territory.

###### Article 59b

[...]

CHAPTER 3A

THRESHOLD FOR TAXABLE PERSONS MAKING SUPPLIES OF GOODS COVERED BY ARTICLE 33(1) AND SUPPLIES OF SERVICES COVERED BY ARTICLE 58

Article 59c

1. Article 33(1) and Article 58 shall not apply, where the following conditions are met:

- (a) the supplier is established or, in the absence of an establishment, has his permanent address or usually resides only in one Member State;
- (b) services are supplied to non-taxable persons who are established, have their permanent address or usually reside in any Member State other than the Member State referred to in point (a) or goods are dispatched or transported to a Member State other than the Member State referred to in point (a); and
- (c) the total value, exclusive of VAT, of the supplies referred to in point (b) does not in the current calendar year exceed EUR 10 000, or the equivalent in national currency, nor did it do so in the course of the preceding calendar year.

2. Where, during a calendar year, the threshold referred to in point (c) of paragraph 1 is exceeded, Articles 33(1) and 58 shall apply as of that time.

3. The Member State within the territory of which the goods are located at the time when their dispatch or transport begins or where the taxable persons supplying telecommunications, radio and television broadcasting services and electronically supplied services are established shall grant taxable persons carrying out supplies eligible under paragraph 1 the right to opt for the place of supply to be determined in accordance with Article 33(1) and Article 58, which shall in any event cover two calendar years.

4. Member States shall take appropriate measures to monitor the fulfilment by the taxable person of the conditions referred to in paragraphs 1, 2 and 3.

5. The corresponding value in national currency of the amount mentioned in paragraph 1 point (c) shall be calculated by applying the exchange rate published by the European Central Bank on the date of adoption of Directive (EU) 2017/2455.

CHAPTER 4

PLACE OF IMPORTATION OF GOODS

Article 60

The place of importation of goods shall be the Member State within whose territory the goods are located when they enter the Union.

Article 61

By way of derogation from Article 60, where, on entry into the Union, goods which are not in free circulation are

placed under one of the arrangements or situations referred to in Article 156, or under temporary importation arrangements with total exemption from import duty, or under external transit arrangements, the place of importation of such goods shall be the Member State within whose territory the goods cease to be covered by those arrangements or situations.

Similarly, where, on entry into the Union, goods which are in free circulation are placed under one of the arrangements or situations referred to in Articles 276 and 277, the place of importation shall be the Member State within whose territory the goods cease to be covered by those arrangements or situations.

TITLE VI  
CHARGEABLE EVENT  
AND CHARGEABILITY OF VAT

CHAPTER 1  
GENERAL PROVISIONS

Article 62

For the purposes of this Directive:

- (1) 'chargeable event' shall mean the occurrence by virtue of which the legal conditions necessary for VAT to become chargeable are fulfilled;
- (2) VAT shall become 'chargeable' when the tax authority becomes entitled under the law, at a given moment, to claim the tax from the person liable to pay, even though the time of payment may be deferred.

CHAPTER 2  
SUPPLY OF GOODS OR SERVICES

Article 63

The chargeable event shall occur and VAT shall become chargeable when the goods or the services are supplied.

Article 64

1. Where it gives rise to successive statements of account or successive payments, the supply of goods, other than that consisting in the hire of goods for a certain period or the sale of goods on deferred terms, as referred to in point (b) of Article 14(2), or the supply of services shall be regarded as being completed on expiry of the periods to which such statements of account or payments relate.

2. Continuous intra-Union supplies of goods over a period of more than one calendar month shall be regarded as being completed on expiry of each calendar month until such time as the supply comes to an end.

Supplies of services for which VAT is payable by the customer pursuant to Article 196, which are supplied continuously over a period of more than one year and which do not give rise to statements of account or payments during that period, shall be regarded as being completed on

expiry of each calendar year until such time as the supply of services comes to an end.

Member States may provide that, in certain cases other than those referred to in the first and second subparagraphs, the continuous supply of goods or services over a period of time is to be regarded as being completed at least at intervals of one year.

*Article 65*

Where a payment is to be made on account before the goods or services are supplied, VAT shall become chargeable on receipt of the payment and on the amount received.

*Article 66*

By way of derogation from Articles 63, 64 and 65, Member States may provide that VAT is to become chargeable, in respect of certain transactions or certain categories of taxable person at one of the following times:

- (a) no later than the time the invoice is issued;
- (b) no later than the time the payment is received;
- (c) where an invoice is not issued, or is issued late, within a specified time no later than on expiry of the time-limit for issue of invoices imposed by Member States pursuant to the second paragraph of Article 222 or where no such time-limit has been imposed by the Member State, within a specified period from the date of the chargeable event.

The derogation provided for in the first paragraph shall not, however, apply to supplies of services in respect of which VAT is payable by the customer pursuant to Article 196, to intra-Union supplies of goods and to supplies of new means of transport in accordance with Article 35b.

*Article 66a*

By way of derogation from Articles 63, 64 and 65, in respect of supplies of goods for which VAT is payable by the person facilitating the supply pursuant to Article 14a, the chargeable event shall occur and VAT shall become chargeable at the time when the payment has been accepted.

*Article 67*

For intra-Union supplies of goods and for supplies of new means of transport in accordance with Article 35b VAT shall become chargeable on issue of the invoice, or on expiry of the time limit referred to in the first paragraph of Article 222 if no invoice has been issued by that time.

However, Article 64(1), the third subparagraph of Article 64(2) and Article 65 shall not apply with respect to intra-Union supplies of goods and to supplies of new means of transport in accordance with Article 35b.

**CHAPTER 3**

**INTRA-COMMUNITY ACQUISITION OF GOODS**

[...]

**CHAPTER 4  
IMPORTATION OF GOODS**

*Article 70*

The chargeable event shall occur and VAT shall become chargeable when the goods are imported.

*Article 71*

1. Where, on entry into the Union, goods are placed under one of the arrangements or situations referred to in Articles 156, 276 and 277, or under temporary importation arrangements with total exemption from import duty, or under external transit arrangements, the chargeable event shall occur and VAT shall become chargeable only when the goods cease to be covered by those arrangements or situations.

However, where imported goods are subject to customs duties, to agricultural levies or to charges having equivalent effect established under a common policy, the chargeable event shall occur and VAT shall become chargeable when the chargeable event in respect of those duties occurs and those duties become chargeable.

2. Where imported goods are not subject to any of the duties referred to in the second subparagraph of paragraph 1, Member States shall, as regards the chargeable event and the moment when VAT becomes chargeable, apply the provisions in force governing customs duties.

**TITLE VII  
TAXABLE AMOUNT**

**CHAPTER 1  
DEFINITION**

*Article 72*

For the purposes of this Directive, 'open market value' shall mean the full amount that, in order to obtain the goods or services in question at that time, a customer at the same marketing stage at which the supply of goods or services takes place, would have to pay, under conditions of fair competition, to a supplier at arm's length within the territory of the Member State in which the supply is subject to tax.

Where no comparable supply of goods or services can be ascertained, 'open market value' shall mean the following:

- (1) in respect of goods, an amount that is not less than the purchase price of the goods or of similar goods or, in the absence of a purchase price, the cost price, determined at the time of supply;
- (2) in respect of services, an amount that is not less than the full cost to the taxable person of providing the service.

CHAPTER 2  
SUPPLY OF GOODS OR SERVICES

*Article 73*

In respect of the supply of goods or services, other than as referred to in Articles 74 to 77, the taxable amount shall include everything which constitutes consideration obtained or to be obtained by the supplier, in return for the supply, from the customer or a third party, including subsidies directly linked to the price of the supply.

*Article 73a*

Without prejudice to Article 73, the taxable amount of the supply of goods or services provided in respect of a multi-purpose voucher shall be equal to the consideration paid for the voucher or, in the absence of information on that consideration, the monetary value indicated on the multi-purpose voucher itself or in the related documentation, less the amount of VAT relating to the goods or services supplied.

*Article 74*

Where a taxable person applies or disposes of goods forming part of his business assets, or where goods are retained by a taxable person, or by his successors, when his taxable economic activity ceases, as referred to in Articles 16 and 18, the taxable amount shall be the purchase price of the goods or of similar goods or, in the absence of a purchase price, the cost price, determined at the time when the application, disposal or retention takes place.

*Article 75*

In respect of the supply of services, as referred to in Article 26, where goods forming part of the assets of a business are used for private purposes or services are carried out free of charge, the taxable amount shall be the full cost to the taxable person of providing the services.

*Article 76*

In respect of the intra-Union supply of goods consisting in transfer to another Member State, the taxable amount shall be the purchase price of the goods or of similar goods or, in the absence of a purchase price, the cost price, determined at the time the transfer takes place.

*Article 77*

In respect of the supply by a taxable person of a service for the purposes of his business, as referred to in Article 27, the taxable amount shall be the open market value of the service supplied.

*Article 78*

1. The taxable amount shall include the following factors:

- (a) taxes, duties, levies and charges, excluding the VAT itself;

- (b) incidental expenses, such as commission, packing, transport and insurance costs, charged by the supplier to the customer.

For the purposes of point (a) of the first subparagraph, duties shall include the excise duty due in the Member State in which the intra-Union supply of goods subject to excise duty takes place in accordance with Article 35a.

For the purposes of point (b) of the first paragraph, Member States may regard expenses covered by a separate agreement as incidental expenses.

2. Where, after the intra-Union supply of goods has been made, the supplier obtains a refund of the excise duty paid in the Member State in which dispatch or transport of the goods began, the taxable amount shall be reduced accordingly in the Member State in which the intra-Union supply of goods subject to excise duty takes place in accordance with Article 35a.

3. For the purposes of this Directive, 'products subject to excise duty' shall mean energy products, alcohol and alcoholic beverages and manufactured tobacco, as defined referred to in Article 1(1) of Council Directive 2008/118/EC<sup>1</sup> by current Union legislation but not gas supplied through a natural gas system situated within the territory of the Community or any network connected to such a system.

*Article 79*

The taxable amount shall not include the following factors:

- (a) price reductions by way of discount for early payment;
- (b) price discounts and rebates granted to the customer and obtained by him at the time of the supply;
- (c) amounts received by a taxable person from the customer, as repayment of expenditure incurred in the name and on behalf of the customer, and entered in his books in a suspense account.

The taxable person must furnish proof of the actual amount of the expenditure referred to in point (c) of the first paragraph and may not deduct any VAT which may have been charged.

*Article 80*

1. In order to prevent tax evasion or avoidance, Member States may in any of the following cases take measures to ensure that, in respect of the supply of goods or services involving family or other close personal ties, management, ownership, membership, financial or legal ties as defined by the Member State, the taxable amount is to be the open market value:

- (a) where the consideration is lower than the open market value and the recipient of the supply does

<sup>1</sup> Council Directive 2008/118/EC of 16 December 2008 concerning the general arrangements for excise duty and repealing Directive 92/12/EEC (OJ L 9, 14.1.2009, p. 12).



not have a full right of deduction under Articles 167 to 171 and Articles 173 to 177;

- (b) where the consideration is lower than the open market value and the supplier does not have a full right of deduction under Articles 167 to 171 and Articles 173 to 177 and the supply is subject to an exemption under Articles 132, 135, 136, 371, 375, 376, 377, 378(2), 379(2) or Articles 380 to 390c;
- (c) where the consideration is higher than the open market value and the supplier does not have a full right of deduction under Articles 167 to 171 and Articles 173 to 177.

For the purposes of the first subparagraph, legal ties may include the relationship between an employer and employee or the employee's family, or any other closely connected persons.

2. Where Member States exercise the option provided for in paragraph 1, they may restrict the categories of suppliers or recipients to whom the measures shall apply.

3. Member States shall inform the VAT Committee of national legislative measures adopted pursuant to paragraph 1 in so far as these are not measures authorised by the Council prior to 13 August 2006 in accordance with Article 27(1) to (4) of Directive 77/388/EEC, and which are continued under paragraph 1 of this Article.

#### Article 81

Member States which, at 1 January 1993, were not availing themselves of the option under Article 98 of applying a reduced rate may, if they avail themselves of the option under Article 89, provide that in respect of the supply of works of art, as referred to in Article 103(2), the taxable amount is to be equal to a fraction of the amount determined in accordance with Articles 73, 74, 76, 78 and 79.

The fraction referred to in the first paragraph shall be determined in such a way that the VAT thus due is equal to at least 5% of the amount determined in accordance with Articles 73, 74, 76, 78 and 79.

#### Article 82

Member States may provide that, in respect of the supply of goods and services, the taxable amount is to include the value of exempt investment gold within the meaning of Article 346, which has been provided by the customer to be used as basis for working and which as a result, loses its VAT exempt investment gold status when such goods and services are supplied. The value to be used is the open market value of the investment gold at the time that those goods and services are supplied.

### CHAPTER 3

#### INTRA-COMMUNITY ACQUISITION OF GOODS

[...]

### CHAPTER 4 IMPORTATION OF GOODS

#### Article 85

In respect of the importation of goods, the taxable amount shall be the value for customs purposes, determined in accordance with the Union provisions in force.

#### Article 86

1. The taxable amount shall include the following factors, in so far as they are not already included:

- (a) taxes, duties, levies and other charges due outside the Member State of importation, and those due by reason of importation, excluding the VAT to be levied;
- (b) incidental expenses, such as commission, packing, transport and insurance costs, incurred up to the first place of destination within the territory of the Member State of importation as well as those resulting from transport to another place of destination within the Union, if that other place is known when the chargeable event occurs.

2. For the purposes of point (b) of paragraph 1, 'first place of destination' shall mean the place mentioned on the consignment note or on any other document under which the goods are imported into the Member State of importation. If no such mention is made, the first place of destination shall be deemed to be the place of the first transfer of cargo in the Member State of importation.

#### Article 87

The taxable amount shall not include the following factors:

- (a) price reductions by way of discount for early payment;
- (b) price discounts and rebates granted to the customer and obtained by him at the time of importation.

#### Article 88

Where goods temporarily exported from the Union are re-imported after having undergone, outside the Union, repair, processing, adaptation, making up or re-working, Member States shall take steps to ensure that the tax treatment of the goods for VAT purposes is the same as that which would have been applied had the repair, processing, adaptation, making up or re-working been carried out within their territory.

#### Article 89

Member States which, at 1 January 1993, were not availing themselves of the option under Article 98 of applying a reduced rate may provide that in respect of the importation of works of art, collectors' items and antiques, as defined in points (2), (3) and (4) of Article 311(1), the taxable amount is to be equal to a fraction of the amount determined in accordance with Articles 85, 86 and 87.

The fraction referred to in the first paragraph shall be determined in such a way that the VAT thus due on the

importation is equal to at least 5% of the amount determined in accordance with Articles 85, 86 and 87.

**CHAPTER 5  
MISCELLANEOUS PROVISIONS**

*Article 90*

1. In the case of cancellation, refusal or total or partial non-payment, or where the price is reduced after the supply takes place, the taxable amount shall be reduced accordingly under conditions which shall be determined by the Member States.

2. In the case of total or partial non-payment, Member States may derogate from paragraph 1.

*Article 91*

1. Where the factors used to determine the taxable amount on importation are expressed in a currency other than that of the Member State in which assessment takes place, the exchange rate shall be determined in accordance with the Union provisions governing the calculation of the value for customs purposes.

2. Where the factors used to determine the taxable amount of a transaction other than the importation of goods are expressed in a currency other than that of the Member State in which assessment takes place, the exchange rate applicable shall be the latest selling rate recorded, at the time VAT becomes chargeable, on the most representative exchange market or markets of the Member State concerned, or a rate determined by reference to that or those markets, in accordance with the rules laid down by that Member State.

Member States shall accept instead the use of the latest exchange rate published by the European Central Bank at the time the tax becomes chargeable. Conversion between currencies other than the euro shall be made by using the euro exchange rate of each currency. Member States may require that they be notified of the exercise of this option by the taxable person.

However, for some of the transactions referred to in the first subparagraph or for certain categories of taxable persons, Member States may use the exchange rate determined in accordance with the Union provisions in force governing the calculation of the value for customs purposes.

*Article 92*

As regards the costs of returnable packing material, Member States may take one of the following measures:

- (a) exclude them from the taxable amount and take the measures necessary to ensure that this amount is adjusted if the packing material is not returned;
- (b) include them in the taxable amount and take the measures necessary to ensure that this amount is adjusted if the packing material is in fact returned.

**TITLE VIII  
RATES**

**CHAPTER 1  
APPLICATION OF RATES**

*Article 93*

The rate applicable to taxable transactions shall be that in force at the time of the chargeable event.

However, in the following situations, the rate applicable shall be that in force when VAT becomes chargeable:

- (a) in the cases referred to in Articles 65 and 66;
- (b) in the case of an intra-Union supply of goods;
- (c) in the cases, concerning the importation of goods, referred to in the second subparagraph of Article 71(1) and in Article 71(2).

*Article 94*

1. [...]

2. Subject to the option under Article 103(1) of applying a reduced rate to the importation of works of art, collectors' items or antiques, the rate applicable to the importation of goods shall be that applied to the supply of like goods within the territory of the Member State.

*Article 95*

Where rates are changed, Member States may, in the cases referred to in Articles 65 and 66, effect adjustments in order to take account of the rate applying at the time when the goods or services were supplied.

Member States may also adopt all appropriate transitional measures.

**CHAPTER 2  
STRUCTURE AND LEVEL OF RATES**

**Section 1  
Standard rate**

*Article 96*

Member States shall apply a standard rate of VAT, which shall be fixed by each Member State as a percentage of the taxable amount and which shall be the same for the supply of goods and for the supply of services.

*Article 97*

The standard rate shall not be lower than 15%.

**Section 2  
Reduced rates**

*Article 98*

- 1. Member States may apply either one or two reduced rates.
- 2. The reduced rates shall apply only to supplies of goods or services in the categories set out in Annex III.

The reduced rates shall not apply to electronically supplied services.

3. When applying the reduced rates provided for in paragraph 1 to categories of goods, Member States may use the Combined Nomenclature to establish the precise coverage of the category concerned.

*Article 99*

1. The reduced rates shall be fixed as a percentage of the taxable amount, which may not be less than 5%.

2. Each reduced rate shall be so fixed that the amount of VAT resulting from its application is such that the VAT deductible under Articles 167 to 171 and Articles 173 to 177 can normally be deducted in full.

*Article 100*

On the basis of a report from the Commission, the Council shall, starting in 1994, review the scope of the reduced rates every two years.

The Council may, in accordance with Article 93 of the Treaty, decide to alter the list of goods and services set out in Annex III.

*Article 101*

By 30 June 2007 at the latest the Commission shall present to the European Parliament and the Council an overall assessment report on the impact of reduced rates applying to locally supplied services, including restaurant services, notably in terms of job creation, economic growth and the proper functioning of the internal market, based on a study carried out by an independent economic think-tank.

**Section 3  
Particular provisions**

*Article 102*

After consultation of the VAT Committee, each Member State may apply a reduced rate to the supply of natural gas, electricity or district heating.

*Article 103*

1. Member States may provide that the reduced rate, or one of the reduced rates, which they apply in accordance with Articles 98 and 99 is also to apply to the importation of works of art, collectors' items and antiques, as defined in points (2), (3) and (4) of Article 311(1).

2. If Member States avail themselves of the option under paragraph 1, they may also apply the reduced rate to the following transactions:

- (a) the supply of works of art, by their creator or his successors in title;
- (b) the supply of works of art, on an occasional basis, by a taxable person other than a taxable dealer, where the works of art have been imported by the taxable person himself, or where they have been supplied to him by their creator or his successors in

title, or where they have entitled him to full deduction of VAT.

*Article 104*

Austria may, in the communes of Jungholz and Mittelberg (Kleines Walsertal), apply a second standard rate which is lower than the corresponding rate applied in the rest of Austria but not less than 15%.

*Article 104a*

Cyprus may apply one of the two reduced rates provided for in Article 98 to the supply of liquid petroleum gas (LPG) in cylinders.

*Article 105*

1. Portugal may apply one of the two reduced rates provided for in Article 98 to the tolls on bridges in the Lisbon area.

2. Portugal may, in the case of transactions carried out in the autonomous regions of the Azores and Madeira and of direct importation into those regions, apply rates lower than those applying on the mainland. However, the standard rate shall not be less than 15%.

**CHAPTER 3**

**TEMPORARY PROVISIONS FOR  
PARTICULAR LABOUR-INTENSIVE SERVICES**

[...]

**CHAPTER 4**

**SPECIAL PROVISIONS APPLYING  
UNTIL THE ADOPTION OF DEFINITIVE ARRANGEMENTS**

*Article 109*

Pending introduction of the definitive arrangements referred to in Article 402, the provisions laid down in this Chapter shall apply.

*Article 110*

Member States which, at 1 January 1991, were granting exemptions with deductibility of the VAT paid at the preceding stage or applying reduced rates lower than the minimum laid down in Article 99 may continue to grant those exemptions or apply those reduced rates.

The exemptions and reduced rates referred to in the first paragraph must be in accordance with European Union law and must have been adopted for clearly defined social reasons and for the benefit of the final consumer.

*Article 111*

Subject to the conditions laid down in the second paragraph of Article 110, exemptions with deductibility of the VAT paid at the preceding stage may continue to be granted in the following cases:

- (a) by Finland in respect of the supply of newspapers and periodicals sold by subscription and the printing of publications distributed to the members of corporations for the public good;

- (b) by Sweden in respect of the supply of newspapers, including radio and cassette newspapers for the visually impaired, pharmaceutical products supplied to hospitals or on prescription, and the production of, or other related services concerning, periodicals of non-profit-making organisations;
- (c) by Malta in respect of the supply of foodstuffs for human consumption and pharmaceuticals.

*Article 112*

If the provisions of Article 110 cause for Ireland distortion of competition in the supply of energy products for heating and lighting, Ireland may, on specific request, be authorised by the Commission to apply a reduced rate to such supplies, in accordance with Articles 98 and 99.

In the case referred to in the first paragraph, Ireland shall submit a request to the Commission, together with all necessary information. If the Commission has not taken a decision within three months of receiving the request, Ireland shall be deemed to be authorised to apply the reduced rates proposed.

*Article 113*

Member States which, at 1 January 1991, in accordance with European Union law, were granting exemptions with deductibility of the VAT paid at the preceding stage or applying reduced rates lower than the minimum laid down in Article 99, in respect of goods and services other than those specified in Annex III, may apply the reduced rate, or one of the two reduced rates, provided for in Article 98 to the supply of such goods or services.

*Article 114*

1. Member States which, on 1 January 1993, were obliged to increase their standard rate in force at 1 January 1991 by more than 2% may apply a reduced rate lower than the minimum laid down in Article 99 to the supply of goods and services in the categories set out in Annex III.

The Member States referred to in the first subparagraph may also apply such a rate to children's clothing and children's footwear and housing.

2. Member States may not rely on paragraph 1 to introduce exemptions with deductibility of the VAT paid at the preceding stage.

*Article 115*

Member States which, at 1 January 1991, were applying a reduced rate to children's clothing, children's footwear or housing may continue to apply such a rate to the supply of those goods or services.

*Article 116*

[...]

*Article 117*

1. [...]

2. Austria may apply one of the two reduced rates provided for in Article 98 to the letting of immovable property for residential use, provided that the rate is not lower than 10%.

*Article 118*

Member States which, at 1 January 1991, were applying a reduced rate to the supply of goods or services other than those specified in Annex III may apply the reduced rate, or one of the two reduced rates, provided for in Article 98 to the supply of those goods or services, provided that the rate is not lower than 12%.

The first paragraph shall not apply to the supply of second-hand goods, works of art, collectors' items or antiques, as defined in points (1) to (4) of Article 311(1), subject to VAT in accordance with the margin scheme provided for in Articles 312 to 325 or the arrangements for sales by public auction.

*Article 119*

For the purposes of applying Article 118, Austria may apply a reduced rate to wines produced on an agricultural holding by the producer farmer, provided that the rate is not lower than 12%.

*Article 120*

Greece may apply rates up to 30% lower than the corresponding rates applied in mainland Greece in the departments of Lesbos, Chios, Samos, the Dodecanese and the Cyclades, and on the islands of Thassos, the Northern Sporades, Samothrace and Skiros.

*Article 121*

Member States which, at 1 January 1993, regarded work under contract as the supply of goods may apply to the delivery of work under contract the rate applicable to the goods obtained after execution of the work under contract.

For the purposes of applying the first paragraph, 'delivery of work under contract' shall mean the handing over by a contractor to his customer of movable property made or assembled by the contractor from materials or objects entrusted to him by the customer for that purpose, whether or not the contractor has provided any part of the materials used.

*Article 122*

Member States may apply a reduced rate to the supply of live plants and other floricultural products, including bulbs, roots and the like, cut flowers and ornamental foliage, and of wood for use as firewood.

**CHAPTER 5**

**TEMPORARY PROVISIONS**

*Article 123*

The Czech Republic may, until 31 December 2010, continue to apply a reduced rate of not less than 5% to the supply

of construction work for residential housing not provided as part of a social policy, excluding building materials.

*Article 124*

[...]

*Article 125*

1. Cyprus may, until 31 December 2010, continue to grant an exemption with deductibility of VAT paid at the preceding stage in respect of the supply of pharmaceuticals and foodstuffs for human consumption, with the exception of ice cream, ice lollies, frozen yoghurt, water ice and similar products and savoury food products (potato crisps/sticks, puffs and similar products packaged for human consumption without further preparation).

2. [...]

*Article 126*

[...]

*Article 127*

[...]

*Article 128*

[...]

1. Poland may, until 31 December 2010 grant an exemption with deductibility of VAT paid at the preceding stage in respect of the supply of certain books and specialist periodicals.

2. [...]

3. Poland may, until 31 December 2010, continue to apply a reduced rate of not less than 3% to the supply of foodstuffs as referred to in point (1) of Annex III.

4. Poland may, until 31 December 2010, continue to apply a reduced rate of not less than 7% to the supply of services, not provided as part of a social policy, for construction, renovation and alteration of housing, excluding building materials, and to the supply before first occupation of residential buildings or parts of residential buildings, as referred to in point (a) of Article 12(1).

*Article 129*

1. [...]

2. Slovenia may, until 31 December 2010, continue to apply a reduced rate of not less than 5% to the supply of construction, renovation and maintenance work for residential housing not provided as part of a social policy, excluding building materials.

*Article 130*

[...]

**TITLE IX  
EXEMPTIONS**

**CHAPTER 1  
GENERAL PROVISIONS**

*Article 131*

The exemptions provided for in Chapters 2 to 9 shall apply without prejudice to other Union provisions and in accordance with conditions which the Member States shall lay down for the purposes of ensuring the correct and straightforward application of those exemptions and of preventing any possible evasion, avoidance or abuse.

**CHAPTER 2  
EXEMPTIONS FOR CERTAIN ACTIVITIES  
IN THE PUBLIC INTEREST**

*Article 132*

1. Member States shall exempt the following transactions:

- (a) the supply by the public postal services of services other than passenger transport and telecommunications services, and the supply of goods incidental thereto;
- (b) hospital and medical care and closely related activities undertaken by bodies governed by public law or, under social conditions comparable with those applicable to bodies governed by public law, by hospitals, centres for medical treatment or diagnosis and other duly recognised establishments of a similar nature;
- (c) the provision of medical care in the exercise of the medical and paramedical professions as defined by the Member State concerned;
- (d) the supply of human organs, blood and milk;
- (e) the supply of services by dental technicians in their professional capacity and the supply of dental prostheses by dentists and dental technicians;
- (f) the supply of services by independent groups of persons, who are carrying on an activity which is exempt from VAT or in relation to which they are not taxable persons, for the purpose of rendering their members the services directly necessary for the exercise of that activity, where those groups merely claim from their members exact reimbursement of their share of the joint expenses, provided that such exemption is not likely to cause distortion of competition;
- (g) the supply of services and of goods closely linked to welfare and social security work, including those supplied by old people's homes, by bodies governed by public law or by other bodies recognised by the Member State concerned as being devoted to social wellbeing;
- (h) the supply of services and of goods closely linked to the protection of children and young persons by

bodies governed by public law or by other organisations recognised by the Member State concerned as being devoted to social wellbeing;

- (i) the provision of children's or young people's education, school or university education, vocational training or retraining, including the supply of services and of goods closely related thereto, by bodies governed by public law having such as their aim or by other organisations recognised by the Member State concerned as having similar objects;
- (j) tuition given privately by teachers and covering school or university education;
- (k) the supply of staff by religious or philosophical institutions for the purpose of the activities referred to in points (b), (g), (h) and (i) and with a view to spiritual welfare;
- (l) the supply of services, and the supply of goods closely linked thereto, to their members in their common interest in return for a subscription fixed in accordance with their rules by non-profit-making organisations with aims of a political, trade union, religious, patriotic, philosophical, philanthropic or civic nature, provided that this exemption is not likely to cause distortion of competition;
- (m) 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;
- (n) the supply of certain cultural services, and the supply of goods closely linked thereto, by bodies governed by public law or by other cultural bodies recognised by the Member State concerned;
- (o) the supply of services and goods, by organisations whose activities are exempt pursuant to points (b), (g), (h), (i), (l), (m) and (n), in connection with fund-raising events organised exclusively for their own benefit, provided that exemption is not likely to cause distortion of competition;
- (p) the supply of transport services for sick or injured persons in vehicles specially designed for the purpose, by duly authorised bodies;
- (q) the activities, other than those of a commercial nature, carried out by public radio and television bodies.

2. For the purposes of point (o) of paragraph 1, Member States may introduce any restrictions necessary, in particular as regards the number of events or the amount of receipts which give entitlement to exemption.

*Article 133*

Member States may make the granting to bodies other than those governed by public law of each exemption provided for in points (b), (g), (h), (i), (l), (m) and (n) of Article 132(1) subject in each individual case to one or more of the following conditions:

- (a) the bodies in question must not systematically aim to make a profit, and any surpluses nevertheless arising must not be distributed, but must be assigned to the continuance or improvement of the services supplied;
- (b) those bodies must be managed and administered on an essentially voluntary basis by persons who have no direct or indirect interest, either themselves or through intermediaries, in the results of the activities concerned;
- (c) those bodies must charge prices which are approved by the public authorities or which do not exceed such approved prices or, in respect of those services not subject to approval, prices lower than those charged for similar services by commercial enterprises subject to VAT;
- (d) the exemptions must not be likely to cause distortion of competition to the disadvantage of commercial enterprises subject to VAT.

Member States which, pursuant to Annex E of Directive 77/388/EEC, on 1 January 1989 applied VAT to the transactions referred to in Article 132(1)(m) and (n) may also apply the conditions provided for in point (d) of the first paragraph of this Article when the said supply of goods or services by bodies governed by public law is granted exemption.

*Article 134*

The supply of goods or services shall not be granted exemption, as provided for in points (b), (g), (h), (i), (l), (m) and (n) of Article 132(1), in the following cases:

- (a) where the supply is not essential to the transactions exempted;
- (b) where the basic purpose of the supply is to obtain additional income for the body in question through transactions which are in direct competition with those of commercial enterprises subject to VAT.

**CHAPTER 3**

**EXEMPTIONS FOR OTHER ACTIVITIES**

*Article 135*

1. Member States shall exempt the following transactions:
  - (a) insurance and reinsurance transactions, including related services performed by insurance brokers and insurance agents;
  - (b) the granting and the negotiation of credit and the management of credit by the person granting it;
  - (c) the negotiation of or any dealings in credit guarantees or any other security for money and the management of credit guarantees by the person who is granting the credit;
  - (d) transactions, including negotiation, concerning deposit and current accounts, payments, transfers,

- debts, cheques and other negotiable instruments, but excluding debt collection;
- (e) transactions, including negotiation, concerning currency, bank notes and coins used as legal tender, with the exception of collectors' items, that is to say, gold, silver or other metal coins or bank notes which are not normally used as legal tender or coins of numismatic interest;
- (f) transactions, including negotiation but not management or safekeeping, in shares, interests in companies or associations, debentures and other securities, but excluding documents establishing title to goods, and the rights or securities referred to in Article 15(2);
- (g) the management of special investment funds as defined by Member States;
- (h) the supply at face value of postage stamps valid for use for postal services within their respective territory, fiscal stamps and other similar stamps;
- (i) betting, lotteries and other forms of gambling, subject to the conditions and limitations laid down by each Member State;
- (j) the supply of a building or parts thereof, and of the land on which it stands, other than the supply referred to in point (a) of Article 12(1);
- (k) the supply of land which has not been built on other than the supply of building land as referred to in point (b) of Article 12(1);
- (l) the leasing or letting of immovable property.
2. The following shall be excluded from the exemption provided for in point (l) of paragraph 1:
- (a) the provision of accommodation, as defined in the laws of the Member States, in the hotel sector or in sectors with a similar function, including the provision of accommodation in holiday camps or on sites developed for use as camping sites;
- (b) the letting of premises and sites for the parking of vehicles;
- (c) the letting of permanently installed equipment and machinery;
- (d) the hire of safes.

Member States may apply further exclusions to the scope of the exemption referred to in point (l) of paragraph 1.

*Article 136*

Member States shall exempt the following transactions:

- (a) the supply of goods used solely for an activity exempted under Articles 132, 135, 371, 375, 376 and 377, Article 378(2), Article 379(2) and Articles 380 to 390c, if those goods have not given rise to deductibility;

- (b) the supply of goods on the acquisition or application of which VAT was not deductible, pursuant to Article 176.

*Article 137*

1. Member States may allow taxable persons a right of option for taxation in respect of the following transactions:

- (a) the financial transactions referred to in points (b) to (g) of Article 135(1);
- (b) the supply of a building or of parts thereof, and of the land on which the building stands, other than the supply referred to in point (a) of Article 12(1);
- (c) the supply of land which has not been built on other than the supply of building land referred to in point (b) of Article 12(1);
- (d) the leasing or letting of immovable property.

2. Member States shall lay down the detailed rules governing exercise of the option under paragraph 1.

Member States may restrict the scope of that right of option.

**CHAPTER 4  
EXEMPTIONS FOR CERTAIN  
INTRA-UNION TRANSPORTS OF GOODS**

*Article 138*

[...]

*Article 139*

[...]

*Article 140*

[...]

*Article 141*

[...]

*Article 142*

Member States shall exempt the supply of intra-Union transport of goods to and from the islands making up the autonomous regions of the Azores and Madeira, as well as the supply of transport of goods between those islands.

**CHAPTER 5  
EXEMPTIONS ON IMPORTATION**

*Article 143*

1. Member States shall exempt the following transactions:

- (a) the final importation of goods of which the supply by a taxable person would in all circumstances be exempt within their respective territory;

- (b) the final importation of goods governed by Council Directives 2007/74/EC<sup>2</sup>, 2009/132/EC<sup>3</sup> and 2006/79/EC<sup>4</sup>;
- (c) the final importation of goods, in free circulation from a third territory forming part of the Union customs territory, which would be entitled to exemption under point (b) if they had been imported within the meaning of the first paragraph of Article 30;
- (ca) the importation of goods where the VAT is to be declared under the special scheme in Chapter 6, Section 4, of Title XII and where, at the latest upon lodging of the import declaration, the individual VAT identification number for the application of the special scheme of the supplier or of the intermediary acting on his behalf allocated under Article 369q has been provided to the competent customs office in the Member State of importation;
- (d) the importation of goods dispatched or transported from a third territory or a third country into a Member State other than that in which the dispatch or transport of the goods ends, where the supply of such goods by the importer designated or recognised under Article 201 as liable for payment of VAT is an intra-Union supply of goods;
- (e) the reimportation, by the person who exported them, of goods in the state in which they were exported, where those goods are exempt from customs duties;
- (f) the importation, under diplomatic and consular arrangements, of goods which are exempt from customs duties;
- (fa) the importation of goods by the Union institutions, the European Atomic Energy Community, the European Investment Bank, or by the bodies set up by the European Union to which Protocol (No 7) on the privileges and immunities of the Union applies, within the limits and under the conditions of that Protocol and the agreements for its implementation or the headquarters agreements, in so far as it does not lead to distortion of competition;
- (g) the importation of goods by international bodies, other than those referred to in point (fa), recognised as such by the public authorities of the host Member State, or by members of such bodies, within the limits and under the conditions laid down
- by the international conventions establishing the bodies or by headquarters agreements;
- (h) the importation of goods, into Member States party to the North Atlantic Treaty, by the armed forces of other States party to that Treaty for the use of those forces or the civilian staff accompanying them or for supplying their messes or canteens where such forces take part in the common defence effort;
- (i) the importation of goods by the armed forces of the United Kingdom stationed in the island of Cyprus pursuant to the Treaty of Establishment concerning the Republic of Cyprus, dated 16 August 1960, which are for the use of those forces or the civilian staff accompanying them or for supplying their messes or canteens;
- (j) the importation into ports, by sea fishing undertakings, of their catches, unprocessed or after undergoing preservation for marketing but before being supplied;
- (k) the importation of gold by central banks;
- (l) the importation of gas through a natural gas system or any network connected to such a system or fed in from a vessel transporting gas into a natural gas system or any upstream pipeline network, of electricity or of heat or cooling energy through heating or cooling networks.
2. The exemption provided for in paragraph 1(d) shall apply in cases when the importation of goods is followed by the intra-Union supply of goods only if at the time of importation the importer has provided to the competent authorities of the Member State of importation at least the following information:
- (a) his VAT identification number issued in the Member State of importation or the VAT identification number of his tax representative, liable for payment of the VAT, issued in the Member State of importation;
- (b) the VAT identification number of the customer, to whom the goods are supplied [...], issued in another Member State, or his own VAT identification number in case of a transfer according to Article 17(1);
- (c) the evidence that the imported goods are intended to be transported or dispatched from the Member State of importation to another Member State.

<sup>2</sup> Council Directive 2007/74/EC of 20 December 2007 on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries (OJ L 346, 29.12.2007, p. 6).

<sup>3</sup> Council Directive 2009/132/EC of 19 October 2009 determining the scope of Article 143(b) and (c) of Directive 2006/112/EC as regards exemption from value added tax on the final importation of certain goods (OJ L 292, 10.11.2009, p. 5)

<sup>4</sup> Council Directive 2006/79/EC of 5 October 2006 on the exemption from taxes of imports of small consignments of goods of a non-commercial character from third countries (codified version) (OL L 286, 17.10.2006, p. 15).

However, Member States may provide that the evidence referred to in point (c) be indicated to the competent authorities only upon request.

#### Article 144

Member States shall exempt the supply of services relating to the importation of goods where the value of such services is included in the taxable amount in accordance with Article 86(1)(b).



*Article 145*

1. The Commission shall, where appropriate, as soon as possible, present to the Council proposals designed to delimit the scope of the exemptions provided for in Articles 143 and 144 and to lay down the detailed rules for their implementation.

2. Pending the entry into force of the rules referred to in paragraph 1, Member States may maintain their national provisions in force.

Member States may adapt their national provisions so as to minimise distortion of competition and, in particular, to prevent non-taxation or double taxation within the Union.

Member States may use whatever administrative procedures they consider most appropriate to achieve exemption.

3. Member States shall notify to the Commission, which shall inform the other Member States accordingly, the provisions of national law which are in force, in so far as these have not already been notified, and those which they adopt pursuant to paragraph 2.

**CHAPTER 6  
EXEMPTIONS ON EXPORTATION**

*Article 146*

1. Member States shall exempt the following transactions:

- (a) the supply of goods dispatched or transported to a destination outside the Union by or on behalf of the vendor;
- (b) the supply of goods dispatched or transported to a destination outside the Union by or on behalf of a customer not established within their respective territory, with the exception of goods transported by the customer himself for the equipping, fuelling and provisioning of pleasure boats and private aircraft or any other means of transport for private use;
- (c) the supply of goods to approved bodies which export them out of the Union as part of their humanitarian, charitable or teaching activities outside the Union;
- (d) the supply of services consisting in work on movable property acquired or imported for the purpose of undergoing such work within the Union, and dispatched or transported out of the Union by the supplier, by the customer if not established within their respective territory or on behalf of either of them;
- (e) the supply of services, including transport and ancillary transactions, but excluding the supply of services exempted in accordance with Articles 132 and 135, where these are directly connected with the exportation or importation of goods covered by Article 61 and Article 157(1)(a).

2. The exemption provided for in point (c) of paragraph 1 may be granted by means of a refund of the VAT.

*Article 147*

1. Where the supply of goods referred to in point (b) of Article 146(1) relates to goods to be carried in the personal luggage of travellers, the exemption shall apply only if the following conditions are met:

- (a) the traveller is not established within the Union;
- (b) the goods are transported out of the Union before the end of the third month following that in which the supply takes place;
- (c) the total value of the supply, including VAT, is more than EUR 175 or the equivalent in national currency, fixed annually by applying the conversion rate obtaining on the first working day of October with effect from 1 January of the following year.

However, Member States may exempt a supply with a total value of less than the amount specified in point (c) of the first subparagraph.

2. For the purposes of paragraph 1, 'a traveller who is not established within the Union' shall mean a traveller whose permanent address or habitual residence is not located within the Union. In that case 'permanent address or habitual residence' means the place entered as such in a passport, identity card or other document recognised as an identity document by the Member State within whose territory the supply takes place.

Proof of exportation shall be furnished by means of the invoice or other document in lieu thereof, endorsed by the customs office of exit from the Union.

Each Member State shall send to the Commission specimens of the stamps it uses for the endorsement referred to in the second subparagraph. The Commission shall forward that information to the tax authorities of the other Member States.

**CHAPTER 7  
EXEMPTIONS RELATED  
TO INTERNATIONAL TRANSPORT**

*Article 148*

Member States shall exempt the following transactions:

- (a) the supply of goods for the fuelling and provisioning of vessels used for navigation on the high seas and carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities, or for rescue or assistance at sea, or for inshore fishing, with the exception, in the case of vessels used for inshore fishing, of ships' provisions;
- (b) the supply of goods for the fuelling and provisioning of fighting ships, falling within the combined nomenclature (CN) code 8906 10 00, leaving their territory and bound for ports or anchorages outside the Member State concerned;

- (c) the supply, modification, repair, maintenance, chartering and hiring of the vessels referred to in point (a), and the supply, hiring, repair and maintenance of equipment, including fishing equipment, incorporated or used therein;
- (d) the supply of services other than those referred to in point (c), to meet the direct needs of the vessels referred to in point (a) or of their cargoes;
- (e) the supply of goods for the fuelling and provisioning of aircraft used by airlines operating for reward chiefly on international routes;
- (f) the supply, modification, repair, maintenance, chartering and hiring of the aircraft referred to in point (e), and the supply, hiring, repair and maintenance of equipment incorporated or used therein;
- (g) the supply of services, other than those referred to in point (f), to meet the direct needs of the aircraft referred to in point (e) or of their cargoes.

*Article 149*

Portugal may treat sea and air transport between the islands making up the autonomous regions of the Azores and Madeira and between those regions and the mainland as international transport.

*Article 150*

1. The Commission shall, where appropriate, as soon as possible, present to the Council proposals designed to delimit the scope of the exemptions provided for in Article 148 and to lay down the detailed rules for their implementation.
2. Pending the entry into force of the provisions referred to in paragraph 1, Member States may limit the scope of the exemptions provided for in points (a) and (b) of Article 148.

**CHAPTER 8  
EXEMPTIONS RELATING TO CERTAIN  
TRANSACTIONS TREATED AS EXPORTS**

*Article 151*

1. Member States shall exempt the following transactions:
  - (a) the supply of goods or services under diplomatic and consular arrangements;
  - (aa) the supply of goods or services to the Union institutions, the European Atomic Energy Community, the European Investment Bank, or to the bodies set up by the Communities to which Protocol (No 7) on the privileges and immunities of the European Union applies, within the limits and under the conditions of that Protocol and the agreements for its implementation or the headquarters agreements, in so far as it does not lead to distortion of competition;

- (b) the supply of goods or services to international bodies, other than those referred to in point (aa), recognised as such by the public authorities of the host Member States, and to members of such bodies, within the limits and under the conditions laid down by the international conventions establishing the bodies or by headquarters agreements;
- (c) the supply of goods or services within a Member State which is a party to the North Atlantic Treaty, intended either for the armed forces of other States party to that Treaty for the use of those forces, or of the civilian staff accompanying them, or for supplying their messes or canteens when such forces take part in the common defence effort;
- (d) the supply of goods or services to another Member State, intended for the armed forces of any State which is a party to the North Atlantic Treaty, other than the Member State of destination itself, for the use of those forces, or of the civilian staff accompanying them, or for supplying their messes or canteens when such forces take part in the common defence effort;
- (e) the supply of goods or services to the armed forces of the United Kingdom stationed in the island of Cyprus pursuant to the Treaty of Establishment concerning the Republic of Cyprus, dated 16 August 1960, which are for the use of those forces, or of the civilian staff accompanying them, or for supplying their messes or canteens.

Pending the adoption of common tax rules, the exemptions provided for in the first subparagraph shall be subject to the limitations laid down by the host Member State.

2. In cases where the goods are not dispatched or transported out of the Member State in which the supply takes place, and in the case of services, the exemption may be granted by means of a refund of the VAT.

*Article 152*

Member States shall exempt the supply of gold to central banks.

**CHAPTER 9  
EXEMPTIONS FOR THE SUPPLY  
OF SERVICES BY INTERMEDIARIES**

*Article 153*

Member States shall exempt the supply of services by intermediaries, acting in the name and on behalf of another person, where they take part in the transactions referred to in Chapters 6, 7 and 8, or of transactions carried out outside the Union.

The exemption referred to in the first paragraph shall not apply to travel agents who, in the name and on behalf of travellers, supply services which are carried out in other Member States.

CHAPTER 10  
EXEMPTIONS FOR TRANSACTIONS RELATING  
TO INTERNATIONAL TRADE

Section 1  
Customs warehouses, warehouses  
other than customs warehouses and  
similar arrangements

*Article 154*

For the purposes of this Section, 'warehouses other than customs warehouses' shall, in the case of goods subject to excise duty, mean the places defined as tax warehouses by Article 4(11) of Directive 2008/118/EC and, in the case of goods not subject to excise duty, the places defined as such by the Member States.

*Article 155*

Without prejudice to other Union tax provisions, Member States may, after consulting the VAT Committee, take special measures designed to exempt all or some of the transactions referred to in this Section, provided that those measures are not aimed at final use or consumption and that the amount of VAT due on cessation of the arrangements or situations referred to in this Section corresponds to the amount of tax which would have been due had each of those transactions been taxed within their territory.

*Article 156*

1. Member States may exempt the following transactions:

- (a) the supply of goods which are intended to be presented to customs and, where applicable, placed in temporary storage;
- (b) the supply of goods which are intended to be placed in a free zone or in a free warehouse;
- (c) the supply of goods which are intended to be placed under customs warehousing arrangements or inward processing arrangements;
- (d) the supply of goods which are intended to be admitted into territorial waters in order to be incorporated into drilling or production platforms, for purposes of the construction, repair, maintenance, alteration or fitting out of such platforms, or to link such drilling or production platforms to the mainland;
- (e) the supply of goods which are intended to be admitted into territorial waters for the fuelling and provisioning of drilling or production platforms.

2. The places referred to in paragraph 1 shall be those defined as such by the Union customs provisions in force.

*Article 157*

1. Member States may exempt the following transactions:

- (a) the importation of goods which are intended to be placed under warehousing arrangements other than customs warehousing;
- (b) the supply of goods which are intended to be placed, within their territory, under warehousing arrangements other than customs warehousing.

2. Member States may not provide for warehousing arrangements other than customs warehousing for goods which are not subject to excise duty where those goods are intended to be supplied at the retail stage.

*Article 158*

1. By way of derogation from Article 157(2), Member States may provide for warehousing arrangements other than customs warehousing in the following cases:

- (a) where the goods are intended for tax-free shops, for the purposes of the supply of goods to be carried in the personal luggage of travellers taking flights or sea crossings to third territories or third countries, where that supply is exempt pursuant to point (b) of Article 146(1);
- (b) where the goods are intended for taxable persons, for the purposes of carrying out supplies to travellers on board an aircraft or a ship in the course of a flight or sea crossing where the place of arrival is situated outside the Union;
- (c) where the goods are intended for taxable persons, for the purposes of carrying out supplies which are exempt from VAT pursuant to Article 151.

2. Where Member States exercise the option of exemption provided for in point (a) of paragraph 1, they shall take the measures necessary to ensure the correct and straightforward application of this exemption and to prevent any evasion, avoidance or abuse.

3. For the purposes of point (a) of paragraph 1, 'tax-free shop' shall mean any establishment which is situated within an airport or port and which fulfils the conditions laid down by the competent public authorities.

*Article 159*

Member States may exempt the supply of services relating to the supply of goods referred to in Article 156, Article 157(1)(b) or Article 158.

*Article 160*

1. Member States may exempt the following transactions:

- (a) the supply of goods or services carried out in the locations referred to in Article 156(1), where one of the situations specified therein still applies within their territory;
- (b) the supply of goods or services carried out in the locations referred to in Article 157(1)(b) or Article 158, where one of the situations specified in Article 157(1)(b) or in Article 158(1) still applies within their territory.

2. Where Member States exercise the option under point (a) of paragraph 1 in respect of transactions effected in customs warehouses, they shall take the measures necessary to provide for warehousing arrangements other than customs warehousing under which point (b) of paragraph 1 may be applied to the same transactions when they concern goods listed in Annex V and are carried out in warehouses other than customs warehouses.

*Article 161*

Member States may exempt supply of the following goods and of services relating thereto:

- (a) the supply of goods referred to in the first paragraph of Article 30 while they remain covered by arrangements for temporary importation with total exemption from import duty or by external transit arrangements;
- (b) the supply of goods referred to in the second paragraph of Article 30 while they remain covered by the internal Union transit procedure referred to in Article 276.

*Article 162*

[...]

*Article 163*

If the goods cease to be covered by the arrangements or situations referred to in this Section, thus giving rise to importation for the purposes of Article 61, the Member State of importation shall take the measures necessary to prevent double taxation.

**Section 2**

**Transactions exempted with a view to export and in the framework of trade between the Member States**

*Article 164*

1. Member States may, after consulting the VAT Committee, exempt the following transactions carried out by, or intended for, a taxable person up to an amount equal to the value of the exports carried out by that person during the preceding 12 months:

- (a) imports for and supplies of goods to the taxable person, with a view to their exportation from the Union as they are or after processing;
- (b) supplies of services linked with the export business of the taxable person.

2. The exemption shall not apply to intra-Union supplies of goods where the supplier, who is liable for payment of VAT, makes use of the special scheme provided for in Section 3 of Chapter 6 of Title XII for the declaration and payment of the tax on these supplies.

*Article 165*

[...]

**Section 3**

**Provisions common to Sections 1 and 2**

*Article 166*

The Commission shall, where appropriate, as soon as possible, present to the Council proposals concerning common arrangements for applying VAT to the transactions referred to in Sections 1 and 2.

**TITLE X  
DEDUCTIONS**

**CHAPTER 1  
ORIGIN AND SCOPE OF RIGHT  
OF DEDUCTION**

*Article 167*

A right of deduction shall arise at the time the deductible tax becomes chargeable.

*Article 167a*

Member States may provide within an optional scheme that the right of deduction of a taxable person whose VAT solely becomes chargeable in accordance with Article 66(b) be postponed until the VAT on the goods or services supplied to him has been paid to his supplier.

Member States which apply the optional scheme referred to in the first paragraph shall set a threshold for taxable persons using the scheme within their territory, based on the annual turnover of the taxable person calculated in accordance with Article 288. That threshold may not be higher than EUR 500 000 or the equivalent in national currency. Member States may increase that threshold up to EUR 2 000 000 or the equivalent in national currency after consulting the VAT Committee. However, such consultation of the VAT Committee shall not be required for Member States which applied a threshold higher than EUR 500 000 or the equivalent in national currency on 31 December 2012.

Member States shall inform the VAT Committee of national legislative measures adopted pursuant to the first paragraph.

*Article 168*

In so far as the goods and services are used for the purposes of the taxed transactions of a taxable person, the taxable person shall be entitled, in the Member State in which he carries out these transactions, to deduct the following from the VAT which he is liable to pay:

- (a) the VAT due or paid in that Member State in respect of supplies to him of goods or services, carried out or to be carried out by another taxable person;
- (b) the VAT due in respect of transactions treated as supplies of goods or services pursuant to Articles 17(1), point (a) of Article 18 and Article 27;

(c) [...]

(d) [...]

(e) the VAT due or paid in respect of the importation of goods into that Member State.

*Article 168a*

1. In the case of immovable property forming part of the business assets of a taxable person and used both for purposes of the taxable person's business and for his private use or that of his staff, or, more generally, for purposes other than those of his business, VAT on expenditure related to this property shall be deductible in accordance with the principles set out in Articles 167, 168, 169 and 173 only up to the proportion of the property's use for purposes of the taxable person's business.

By way of derogation from Article 26, changes in the proportion of use of immovable property referred to in the first subparagraph shall be taken into account in accordance with the principles provided for in Articles 184 to 192 as applied in the respective Member State.

2. Member States may also apply paragraph 1 in relation to VAT on expenditure related to other goods forming part of the business assets as they specify.

*Article 169*

In addition to the deduction referred to in Article 168, the taxable person shall be entitled to deduct the VAT referred to therein in so far as the goods and services are used for the purposes of the following:

- (a) transactions relating to the activities referred to in the second subparagraph of Article 9(1), carried out outside the Member State in which that tax is due or paid, in respect of which VAT would be deductible if they had been carried out within that Member State;
- (b) transactions which are exempt pursuant to Articles [...] 142 or 144, Articles 146 to 149, Articles 151, 152, 153 or 156, point (b) of Article 157(1), Articles 158 to 161 or Article 164;
- (c) transactions which are exempt pursuant to points (a) to (f) of Article 135(1), where the customer is established outside the Union or where those transactions relate directly to goods to be exported out of the Union.

*Article 170*

All taxable persons who, within the meaning of Article 1 of Directive 86/560/EEC<sup>5</sup>, Article 2(1) and Article 3 of Directive 2008/9/EC<sup>6</sup> and Article 171 of this Directive, are not established in the Member State in which they

<sup>5</sup> Thirteenth Council Directive 86/560/EEC of 17 November 1986 on the harmonisation of the laws of the Member States relating to turnover taxes — Arrangements for the refund of value added tax to taxable persons not established in Community territory (OJ L 326, 21.11.1986, p. 40).

<sup>6</sup> Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC to taxable persons not established in the Member State of refund but established in another Member State (OJ L 44, 20.2.2008, p. 23).

purchase goods and services or import goods subject to VAT shall be entitled to obtain a refund of that VAT insofar as the goods and services are used for the purposes of the following:

- (a) transactions referred to in Article 169;
- (b) transactions for which the tax is solely payable by the customer in accordance with Articles 194, 196 or 199.

*Article 171*

1. VAT shall be refunded to taxable persons who are not established in the Member State in which they purchase goods and services or import goods subject to VAT but who are established in another Member State, in accordance with the detailed rules laid down in Directive 2008/9/EC.

2. VAT shall be refunded to taxable persons who are not established within the territory of the Union in accordance with the detailed implementing rules laid down in Directive 86/560/EEC.

The taxable persons referred to in Article 1 of Directive 86/560/EEC shall also, for the purposes of applying that Directive, be regarded as taxable persons who are not established in the Union where, in the Member State in which they purchase goods and services or import goods subject to VAT, they have only carried out the supply of goods or services to a person designated in accordance with Articles 194, 196 or 199 as liable for payment of VAT.

3. Directive 86/560/EEC shall not apply to:

- (a) amounts of VAT which according to the legislation of the Member State of refund have been incorrectly invoiced;
- (b) invoiced amounts of VAT in respect of supplies of goods the supply of which is, or may be, exempt pursuant to [...] point (b) of Article 146(1).

*Article 171a*

Member States may, instead of granting a refund of VAT pursuant to Directives 86/560/EEC or 2008/9/EC on those supplies of goods or services to a taxable person in respect of which the taxable person is liable to pay the tax in accordance with Articles 194, 196 or 199, allow deduction of this tax pursuant to the procedure laid down in Article 168. The existing restrictions pursuant to Article 2(2) and Article 4(2) of Directive 86/560/EEC may be retained.

To that end, Member States may exclude the taxable person who is liable to pay the tax from the refund procedure pursuant to Directives 86/560/EEC or 2008/9/EC.

*Article 172*

1. Any person who is regarded as a taxable person by reason of the fact that he supplies, on an occasional basis, a new means of transport in accordance with Article 9(2) shall, in the Member State in which the dispatch or transport of the new means of transport to the customer begins, be entitled to deduct the VAT due or paid in

respect of the acquisition or importation of the new means of transport, up to an amount not exceeding the amount of VAT for which he would be liable if the supply were subject to VAT in the Member State in which the dispatch or transport of the new means of transport to the customer begins.

A right of deduction shall arise and may be exercised only at the time of supply of the new means of transport.

2. Member States shall lay down detailed rules for the implementation of paragraph 1.

## CHAPTER 2 PROPORTIONAL DEDUCTION

### *Article 173*

1. In the case of goods or services used by a taxable person both for transactions in respect of which VAT is deductible pursuant to Articles 168, 169 and 170, and for transactions in respect of which VAT is not deductible, only such proportion of the VAT as is attributable to the former transactions shall be deductible.

The deductible proportion shall be determined, in accordance with Articles 174 and 175, for all the transactions carried out by the taxable person.

2. Member States may take the following measures:

- (a) authorise the taxable person to determine a proportion for each sector of his business, provided that separate accounts are kept for each sector;
- (b) require the taxable person to determine a proportion for each sector of his business and to keep separate accounts for each sector;
- (c) authorise or require the taxable person to make the deduction on the basis of the use made of all or part of the goods and services;
- (d) authorise or require the taxable person to make the deduction in accordance with the rule laid down in the first subparagraph of paragraph 1, in respect of all goods and services used for all transactions referred to therein;
- (e) provide that, where the VAT which is not deductible by the taxable person is insignificant, it is to be treated as nil.

### *Article 174*

1. The deductible proportion shall be made up of a fraction comprising the following amounts:

- (a) as numerator, the total amount, exclusive of VAT, of turnover per year attributable to transactions in respect of which VAT is deductible pursuant to Articles 168 and 169;
- (b) as denominator, the total amount, exclusive of VAT, of turnover per year attributable to transactions included in the numerator and to transactions in respect of which VAT is not deductible.

Member States may include in the denominator the amount of subsidies, other than those directly linked to the price of supplies of goods or services referred to in Article 73.

2. By way of derogation from paragraph 1, the following amounts shall be excluded from the calculation of the deductible proportion:

- (a) the amount of turnover attributable to supplies of capital goods used by the taxable person for the purposes of his business;
- (b) the amount of turnover attributable to incidental real estate and financial transactions;
- (c) the amount of turnover attributable to the transactions specified in points (b) to (g) of Article 135(1) in so far as those transactions are incidental.

3. Where Member States exercise the option under Article 191 not to require adjustment in respect of capital goods, they may include disposals of capital goods in the calculation of the deductible proportion.

### *Article 175*

1. The deductible proportion shall be determined on an annual basis, fixed as a percentage and rounded up to a figure not exceeding the next whole number.

2. The provisional proportion for a year shall be that calculated on the basis of the preceding year's transactions. In the absence of any such transactions to refer to, or where they were insignificant in amount, the deductible proportion shall be estimated provisionally, under the supervision of the tax authorities, by the taxable person on the basis of his own forecasts.

However, Member States may retain the rules in force at 1 January 1979 or, in the case of the Member States which acceded to the Union after that date, on the date of their accession.

3. Deductions made on the basis of such provisional proportions shall be adjusted when the final proportion is fixed during the following year.

## CHAPTER 3 RESTRICTIONS ON THE RIGHT OF DEDUCTION

### *Article 176*

The Council, acting unanimously on a proposal from the Commission, shall determine the expenditure in respect of which VAT shall not be deductible. VAT shall in no circumstances be deductible in respect of expenditure which is not strictly business expenditure, such as that on luxuries, amusements or entertainment.

Pending the entry into force of the provisions referred to in the first paragraph, Member States may retain all the exclusions provided for under their national laws at 1 January 1979 or, in the case of the Member States which

acceded to the Union after that date, on the date of their accession.

*Article 177*

After consulting the VAT Committee, each Member State may, for cyclical economic reasons, totally or partly exclude all or some capital goods or other goods from the system of deductions.

In order to maintain identical conditions of competition, Member States may, instead of refusing deduction, tax goods manufactured by the taxable person himself or goods which he has purchased within the Union, or imported, in such a way that the tax does not exceed the amount of VAT which would be charged on the acquisition of similar goods.

**CHAPTER 4  
RULES GOVERNING EXERCISE OF  
THE RIGHT OF DEDUCTION**

*Article 178*

In order to exercise the right of deduction, a taxable person must meet the following conditions:

- (a) for the purposes of deductions pursuant to Article 168(a), in respect of the supply of goods or services, he must hold an invoice drawn up in accordance with Sections 3 to 6 of Chapter 3 of Title XI;
- (b) for the purposes of deductions pursuant to Article 168(b), in respect of transactions treated as the supply of goods or services, he must comply with the formalities as laid down by each Member State;
- (c) [...]
- (d) [...]
- (e) for the purposes of deductions pursuant to Article 168(e), in respect of the importation of goods, he must hold an import document specifying him as consignee or importer, and stating the amount of VAT due or enabling that amount to be calculated;
- (f) when required to pay VAT as a customer where Articles 194, 196 or 199 apply, he must comply with the formalities as laid down by each Member State.

*Article 179*

The taxable person shall make the deduction by subtracting from the total amount of VAT due for a given tax period the total amount of VAT in respect of which, during the same period, the right of deduction has arisen and is exercised in accordance with Article 178.

However, Member States may require that taxable persons who carry out occasional transactions, as defined in Article 12, exercise their right of deduction only at the time of supply.

*Article 180*

Member States may authorise a taxable person to make a deduction which he has not made in accordance with Articles 178 and 179.

*Article 181*

[...]

*Article 182*

Member States shall determine the conditions and detailed rules for applying Article 180 [...].

*Article 183*

Where, for a given tax period, the amount of deductions exceeds the amount of VAT due, the Member States may, in accordance with conditions which they shall determine, either make a refund or carry the excess forward to the following period.

However, Member States may refuse to refund or carry forward if the amount of the excess is insignificant.

**CHAPTER 5  
ADJUSTMENT OF DEDUCTIONS**

*Article 184*

The initial deduction shall be adjusted where it is higher or lower than that to which the taxable person was entitled.

*Article 185*

1. Adjustment shall, in particular, be made where, after the VAT return is made, some change occurs in the factors used to determine the amount to be deducted, for example where purchases are cancelled or price reductions are obtained.

2. By way of derogation from paragraph 1, no adjustment shall be made in the case of transactions remaining totally or partially unpaid or in the case of destruction, loss or theft of property duly proved or confirmed, or in the case of goods reserved for the purpose of making gifts of small value or of giving samples, as referred to in Article 16.

However, in the case of transactions remaining totally or partially unpaid or in the case of theft, Member States may require adjustment to be made.

*Article 186*

Member States shall lay down the detailed rules for applying Articles 184 and 185.

*Article 187*

1. In the case of capital goods, adjustment shall be spread over five years including that in which the goods were acquired or manufactured.

Member States may, however, base the adjustment on a period of five full years starting from the time at which the goods are first used.

In the case of immovable property acquired as capital goods, the adjustment period may be extended up to 20 years.

2. The annual adjustment shall be made only in respect of one fifth of the VAT charged on the capital goods, or, if the adjustment period has been extended, in respect of the corresponding fraction thereof.

The adjustment referred to in the first subparagraph shall be made on the basis of the variations in the deduction entitlement in subsequent years in relation to that for the year in which the goods were acquired, manufactured or, where applicable, used for the first time.

*Article 188*

1. If supplied during the adjustment period, capital goods shall be treated as if they had been applied to an economic activity of the taxable person up until expiry of the adjustment period.

The economic activity shall be presumed to be fully taxed in cases where the supply of the capital goods is taxed.

The economic activity shall be presumed to be fully exempt in cases where the supply of the capital goods is exempt.

2. The adjustment provided for in paragraph 1 shall be made only once in respect of all the time covered by the adjustment period that remains to run. However, where the supply of capital goods is exempt, Member States may waive the requirement for adjustment in so far as the purchaser is a taxable person using the capital goods in question solely for transactions in respect of which VAT is deductible.

*Article 189*

For the purposes of applying Articles 187 and 188, Member States may take the following measures:

- (a) define the concept of capital goods;
- (b) specify the amount of the VAT which is to be taken into consideration for adjustment;
- (c) adopt any measures needed to ensure that adjustment does not give rise to any unjustified advantage;
- (d) permit administrative simplifications.

*Article 190*

For the purposes of Articles 187, 188, 189 and 191, Member States may regard as capital goods those services which have characteristics similar to those normally attributed to capital goods.

*Article 191*

If, in any Member State, the practical effect of applying Articles 187 and 188 is negligible, that Member State may, after consulting the VAT Committee, refrain from applying those provisions, having regard to the overall impact of VAT in the Member State concerned and the need for administrative simplification, and provided that no distortion of competition thereby arises.

*Article 192*

Where a taxable person transfers from being taxed in the normal way to a special scheme or vice versa, Member States may take all measures necessary to ensure that the taxable person does not enjoy unjustified advantage or sustain unjustified harm.

**TITLE XI  
OBLIGATIONS OF TAXABLE PERSONS AND  
CERTAIN NON-TAXABLE PERSONS**

**CHAPTER 1  
OBLIGATION TO PAY**

**Section 1  
Persons liable for payment of VAT  
to the tax authorities**

*Article 192a*

For the purposes of this Section, a taxable person who has a fixed establishment within the territory of the Member State where the tax is due shall be regarded as a taxable person who is not established within that Member State when the following conditions are met:

- (a) he makes a taxable supply of goods or of services within the territory of that Member State;
- (b) an establishment which the supplier has within the territory of that Member State does not intervene in that supply.

*Article 193*

VAT shall be payable by any taxable person carrying out a taxable supply of goods or services, except where it is payable by another person in the cases referred to in Articles 194 to 200 and Article 202.

*Article 194*

1. Where the taxable supply of services is carried out by a taxable person who is not established in the Member State in which the VAT is due, Member States may provide that the person liable for payment of VAT is the person to whom [...] the services are supplied.

2. Member States shall lay down the conditions for implementation of paragraph 1.

*Article 194a*

VAT shall be payable by the person to whom the goods are supplied insofar he is granted the status of certified taxable person pursuant to Article 13a if the goods are supplied by a taxable person not established within the territory of the Member State in which the VAT is due.

*Article 195*

[...]

*Article 196*

VAT shall be payable by any taxable person, or non-taxable legal person identified for VAT purposes, to whom the services referred to in Article 44 are supplied, if the



services are supplied by a taxable person not established within the territory of the Member State.

*Article 197*

[...]

*Article 198*

1. Where specific transactions relating to investment gold between a taxable person who is a member of a regulated gold bullion market and another taxable person who is not a member of that market are taxed pursuant to Article 352, Member States shall designate the customer as the person liable for payment of VAT.

If the customer who is not a member of the regulated gold bullion market is a taxable person required to be identified for VAT purposes in the Member State in which the tax is due solely in respect of the transactions referred to in Article 352, the vendor shall fulfil the tax obligations on behalf of the customer, in accordance with the law of that Member State.

2. Where gold material or semi-manufactured products of a purity of 325 thousandths or greater, or investment gold as defined in Article 344(1) is supplied by a taxable person exercising one of the options under Articles 348, 349 and 350, Member States may designate the customer as the person liable for payment of VAT.

3. Member States shall lay down the procedures and conditions for implementation of paragraphs 1 and 2.

*Article 199*

1. Member States may provide that the person liable for payment of VAT is the taxable person to whom any of the following supplies are made:

- (a) the supply of construction work, including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property, as well as the handing over of construction works regarded as a supply of goods pursuant to Article 14(3);
- (b) the supply of staff engaged in activities covered by point (a);
- (c) the supply of immovable property, as referred to in Article 135(1)(j) and (k), where the supplier has opted for taxation of the supply pursuant to Article 137;
- (d) the supply of used material, used material which cannot be re-used in the same state, scrap, industrial and non industrial waste, recyclable waste, part processed waste and certain goods and services, as listed in Annex VI;
- (e) the supply of goods provided as security by one taxable person to another in execution of that security;
- (f) the supply of goods following the cession of a reservation of ownership to an assignee and the exercising of this right by the assignee;

(g) the supply of immovable property sold by a judgment debtor in a compulsory sale procedure.

2. When applying the option provided for in paragraph 1, Member States may specify the supplies of goods and services covered, and the categories of suppliers or recipients to whom these measures may apply.

3. For the purposes of paragraph 1, Member States may take the following measures:

- (a) provide that a taxable person who also carries out activities or transactions that are not considered to be taxable supplies of goods or services in accordance with Article 2 shall be regarded as a taxable person in respect of supplies received as referred to in paragraph 1 of this Article;
- (b) provide that a non-taxable body governed by public law, shall be regarded as a taxable person in respect of supplies received as referred to in points (e), (f) and (g) of paragraph 1.

4. Member States shall inform the VAT Committee of national legislative measures adopted pursuant to paragraph 1 in so far as these are not measures authorised by the Council prior to 13 August 2006 in accordance with Article 27(1) to (4) of Directive 77/388/EEC, and which are continued under paragraph 1 of this Article.

*Article 199a*

1. Member States may, until 31 December 2028 provide that the person liable for payment of VAT is the taxable person to whom any of the following supplies are made:

- (a) the transfer of allowances to emit greenhouse gases as defined in Article 3 of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community<sup>7</sup>, transferable in accordance with Article 12 of that Directive;
- (b) the transfer of other units that may be used by operators for compliance with the same Directive.
- (c) [...]
- (d) [...]
- (e) [...]
- (f) supplies of gas and electricity certificates;
- (g) supplies of telecommunication services as defined in Article 24(2);
- (h) [...]
- (i) [...]
- (j) [...]

1a. Member States may lay down the conditions for the application of the mechanism provided for in paragraph 1.

<sup>7</sup> OJ L 275, 25.10.2003, p. 32.

1b. The application of the mechanism provided for in paragraph 1 to the supply of any of [...] the services listed in points (f) and (g) of that paragraph is subject to the introduction of appropriate and effective reporting obligations on taxable persons who supply the services to which the mechanism provided for in paragraph 1 applies.

2. Member States shall inform the VAT Committee of the application of the mechanism provided for in paragraph 1 on the introduction of any such mechanism and shall provide the following information to the VAT Committee:

- (a) the scope of the measure applying the mechanism together with the type and the features of the fraud, and a detailed description of accompanying measures, including any reporting obligations on taxable persons and any control measures;
- (b) actions taken to inform the relevant taxable persons of the introduction of the application of the mechanism;
- (c) evaluation criteria to enable comparison between fraudulent activities in relation to the services listed in paragraph 1 before and after the application of the mechanism, fraudulent activities in relation to other services before and after the application of the mechanism, and any increase in other types of fraudulent activities before and after the application of the mechanism;
- (d) the date of commencement and the period to be covered by the measure applying the mechanism.

3. Member States applying the mechanism provided for in paragraph 1 shall, on the basis of the evaluation criteria provided for under point (c) of paragraph 2, submit a report to the Commission no later than 30 June 2027. The report shall clearly indicate the information to be treated as confidential and the information which may be published.

The report shall provide a detailed assessment of the measure's overall effectiveness and efficiency, in particular as regards:

- (a) the impact on fraudulent activities in relation to supplies of [...] services covered by the measure;
- (b) the possible shift of fraudulent activities to [...] other services;
- (c) the compliance costs for taxable persons resulting from the measure.

4. Each Member State that has detected a shift in trends of fraudulent activities in its territory in relation to the [...] services listed in paragraph 1 from the date of entry into force of this Article with respect to such services, shall submit a report to the Commission in that respect no later than 30 June 2027.

5. Before 1 January 2028, the Commission shall present to the European Parliament and to the Council an

overall assessment report on the effects of the mechanism provided for in paragraph 1 on combatting fraud.

#### *Article 199b*

1. A Member State may, in cases of imperative urgency and in accordance with paragraphs 2 and 3, designate the recipient as the person liable to pay VAT on specific supplies of [...] services by derogation from Article 193 as a Quick Reaction Mechanism ('QRM') special measure to combat sudden and massive fraud liable to lead to considerable and irreparable financial losses.

The QRM special measure shall be subject to appropriate control measures by the Member State with respect to taxable persons who supply the [...] services to which that measure applies, and shall be for a period not exceeding nine months.

2. A Member State wishing to introduce a QRM special measure as provided for in paragraph 1 shall send a notification to the Commission using the standardised form established in accordance with paragraph 4 and at the same time send it to the other Member States. The Member State shall provide the Commission with the information indicating the sector concerned, the type and the features of the fraud, the existence of imperative grounds of urgency, the sudden and massive character of the fraud and its consequences in terms of considerable and irreparable financial losses. If the Commission considers it does not have all the necessary information, it shall contact the Member State concerned within two weeks of receipt of the notification and specify what additional information is required. Any additional information provided by the Member State concerned to the Commission shall at the same time be sent to the other Member States. If the additional information provided is not sufficient, the Commission shall inform the Member State concerned thereof within one week.

The Member State wishing to introduce a QRM special measure as provided for in paragraph 1 shall at the same time also make an application to the Commission in accordance with the procedure laid down in Article 395(2) and (3).

3. Once the Commission has all the information it considers necessary for appraisal of the notification referred to in the first subparagraph of paragraph 2, it shall notify the Member States thereof. Where it objects to the QRM special measure, it shall produce a negative opinion within one month of that notification, and shall inform the Member State concerned and the VAT Committee thereof. Where the Commission does not object, it shall confirm this in writing to the Member State concerned and to the VAT Committee within the same time period. The Member State may adopt the QRM special measure from the date of receipt of that confirmation. In appraising the notification, the Commission shall take into account the views of any other Member State sent to it in writing.

4. The Commission shall adopt an implementing act establishing a standardised form for the submission of the

notification for the QRM special measure referred to in paragraph 2 and of the information referred to in the first subparagraph of paragraph 2. That implementing act shall be adopted in accordance with the examination procedure referred to in paragraph 5.

5. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>8</sup> shall apply and for this purpose the committee shall be the committee established by Article 58 of Council Regulation (EU) No 904/2010<sup>9</sup>.

*Article 200*

VAT shall be payable by the person to whom a new means of transport is supplied in accordance with Articles 35a or 35b, where the supplier is a taxable person in accordance with Article 9(2).

For the purposes of this provision, a taxable person who is subject to the common flat-rate scheme for farmers for the purposes of his agricultural, forestry or fisheries business, or a taxable person who carries out only supplies of goods and services in respect of which VAT is not deductible shall be considered as a taxable person in accordance with Article 9(2).

*Article 201*

On importation, VAT shall be payable by any person or persons designated or recognised as liable by the Member State of importation.

*Article 202*

VAT shall be payable by any person who causes goods to cease to be covered by the arrangements or situations listed in Articles 156, 157, 158, 160 and 161.

*Article 203*

VAT shall be payable by any person who enters the VAT on an invoice.

*Article 204*

1. Where, pursuant to Articles 193 to 196 and Articles 199 and 200, the person liable for payment of VAT is a taxable person who is not established in the Member State in which the VAT is due, Member States may allow that person to appoint a tax representative as the person liable for payment of the VAT.

Furthermore, where the taxable transaction is carried out by a taxable person who is not established in the Member State in which the VAT is due and no legal instrument exists, with the country in which that taxable person is established or has his seat, relating to mutual assistance similar in scope to that provided for in Directive

2010/24/EU<sup>10</sup> and Regulation (EC) No 904/2010, Member States may take measures to provide that the person liable for payment of VAT is to be a tax representative appointed by the non-established taxable person.

However, Member States may not apply the option referred to in the second subparagraph to a taxable person not established within the Union who has opted for the special scheme provided for in Section 2 of Chapter 6 of Title XII.

2. The option under the first subparagraph of paragraph 1 shall be subject to the conditions and procedures laid down by each Member State.

*Article 205*

In the situations referred to in Articles 193 to 199b and Articles 202, 203 and 204, Member States may provide that a person other than the person liable for payment of VAT is to be held jointly and severally liable for payment of VAT.

**Section 2  
Payment arrangements**

*Article 206*

Any taxable person liable for payment of VAT must pay the net amount of the VAT when submitting the VAT return provided for in Article 250. Member States may, however, set a different date for payment of that amount or may require interim payments to be made.

*Article 207*

Member States shall take the measures necessary to ensure that persons who are regarded as liable for payment of VAT in the stead of a taxable person not established in their respective territory, in accordance with Articles 194, 196, 199 and 204, comply with the payment obligations set out in this Section.

Member States shall also take the measures necessary to ensure that those persons who, in accordance with Article 205, are held to be jointly and severally liable for payment of the VAT comply with these payment obligations.

*Article 208*

Where Member States designate the customer for investment gold as the person liable for payment of VAT pursuant to Article 198(1) or if, in the case of gold material, semi-manufactured products, or investment gold as defined in Article 344(1), they exercise the option provided for in Article 198(2) of designating the customer as the person liable for payment of VAT, they shall take the measures necessary to ensure that he complies with the payment obligations set out in this Section.

*Article 209*

[...]

<sup>8</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

<sup>9</sup> Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (OJ L 268, 12.10.2010, p. 1).

<sup>10</sup> Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (OJ L 84, 31.3.2010, p. 1).

*Article 210*

[...]

*Article 211*

Member States shall lay down the detailed rules for payment in respect of the importation of goods.

In particular, Member States may provide that, in the case of the importation of goods by taxable persons or certain categories thereof, or by persons liable for payment of VAT or certain categories thereof, the VAT due by reason of the importation need not be paid at the time of importation, on condition that it is entered as such in the VAT return to be submitted in accordance with Article 250.

*Article 212*

Member States may release taxable persons from payment of the VAT due where the amount is insignificant.

**CHAPTER 2  
IDENTIFICATION**

*Article 213*

1. Every taxable person shall state when his activity as a taxable person commences, changes or ceases.

Member States shall allow, and may require, the statement to be made by electronic means, in accordance with conditions which they lay down.

2. [...]

*Article 214*

1. Member States shall take the measures necessary to ensure that the following persons are identified by means of an individual number:

(a) every taxable person, with the exception of those referred to in Article 9(2), who within their respective territory carries out supplies of goods or services in respect of which VAT is deductible, other than supplies of goods or services in respect of which VAT is payable solely by the customer or the person for whom the goods or services are intended, in accordance with Articles 194 to 196 and Article 199;

(b) every taxable person, or non-taxable legal person, who is the recipient of an intra-Union supply of goods;

(c) [...]

(d) every taxable person who within their respective territory receives services for which he is liable to pay VAT pursuant to Article 196;

(e) every taxable person, established within their respective territory, who supplies services within the territory of another Member State for which VAT is payable solely by the recipient pursuant to Article 196;

(f) every taxable person, with the exception of those referred to in Article 9(2), established within their respective territory who carries out only intra-Union supplies of goods.

2. Member States need not identify certain taxable persons who carry out transactions on an occasional basis, as referred to in Article 12.

*Article 215*

Each individual VAT identification number shall have a prefix in accordance with ISO code 3166 – alpha 2 – by which the Member State of issue may be identified.

Nevertheless, Greece may use the prefix 'EL'.

*Article 216*

Member States shall take the measures necessary to ensure that their identification systems enable the taxable persons referred to in Article 214 to be identified [...].

**CHAPTER 3  
INVOICING**

**Section 1  
Definition**

*Article 217*

For the purposes of this Directive, 'electronic invoice' means an invoice that contains the information required in this Directive, and which has been issued and received in any electronic format.

**Section 2  
Concept of invoice**

*Article 218*

For the purposes of this Directive, Member States shall accept documents or messages on paper or in electronic form as invoices if they meet the conditions laid down in this Chapter.

*Article 219*

Any document or message that amends and refers specifically and unambiguously to the initial invoice shall be treated as an invoice.

**Section 3  
Issue of invoices**

*Article 219a*

1. Invoicing shall be subject to the rules applying in the Member State in which the supply of goods or services is deemed to be made, in accordance with the provisions of Title V.

2. By way of derogation from point (1), invoicing shall be subject to the following rules:

(a) the rules applying in the Member State in which the supplier has established his business or has a fixed

establishment from which the supply is made or, in the absence of such place of establishment or fixed establishment, the Member State where the supplier has his permanent address or usually resides, where:

- (i) the supplier is not established in the Member State in which the supply of goods or services is deemed to be made, in accordance with the provisions of Title V, or his establishment in that Member State does not intervene in the supply within the meaning of point (b) of Article 192a, and the person liable for the payment of the VAT is the person to whom the goods or services are supplied unless the customer issues the invoice (self-billing);
- (ii) the supply of goods or services is deemed not to be made within the Union, in accordance with the provisions of Title V;
- (iii) the supplier is not established in the Member State in which he carries out an intra-Union supply of goods for which he is liable to pay for the payment of VAT and is not making use of the special scheme referred to in Section 3 of Chapter 6 of Title XII;

(b) the rules applying in the Member State where the supplier making use of one of the special schemes referred to in Chapter 6 of Title XII is identified.

3. Paragraphs 1 and 2 of this Article shall apply without prejudice to Articles 244 to 248.

#### Article 220

1. Every taxable person shall ensure that, in respect of the following, an invoice is issued, either by himself or by his customer or, in his name and on his behalf, by a third party:

- (1) supplies of goods or services which he has made to another taxable person or to a non-taxable legal person;
- (2) supplies of goods as referred to in Article 33 except where a taxable person is making use of the special scheme in Section 3 of Chapter 6 of Title XII;
- (3) supplies of new means of transport in accordance with Article 35b;
- (4) any payment on account made to him before one of the supplies of goods referred to in points (1) and (2) was carried out except for intra-Union supplies of goods;
- (5) any payment on account made to him by another taxable person or non-taxable legal person before the provision of services was completed.

2. By way of derogation from paragraph 1, and without prejudice to Article 221(2), the issue of an invoice shall not

be required in respect of supplies of services exempted under points (a) to (g) of Article 135(1).

#### Article 220a

1. Member States shall allow taxable persons to issue a simplified invoice in respect of the following:

- (a) where the amount of the invoice is not higher than EUR 100 or the equivalent in national currency;
- (b) where the invoice issued is a document or message treated as an invoice pursuant to Article 219.

2. Member States shall not allow taxable persons to issue a simplified invoice in respect of the following:

- (a) for intra-Union supplies of goods;
- (b) where invoices are required to be issued pursuant to point (2) [...] of Article 220(1);
- (c) where the taxable supply of goods or services is carried out by a taxable person who is not established in the Member State in which the VAT is due, or whose establishment in that Member State does not intervene in the supply within the meaning of Article 192a, and the person liable for the payment of VAT is the person to whom the goods or services are supplied.

#### Article 221

1. Member States may impose on taxable persons an obligation to issue an invoice in accordance with the details required under Article 226 or 226b in respect of supplies of goods or services other than those referred to in Article 220(1).

2. Member States may impose on taxable persons who have established their business in their territory or who have a fixed establishment in their territory from which the supply is made, an obligation to issue an invoice in accordance with the details required in Article 226 or 226b in respect of supplies of services exempted under points (a) to (g) of Article 135(1) which those taxable persons have made in their territory or outside the Community.

3. Member States may release taxable persons from the obligation laid down in Article 220(1) or in Article 220a to issue an invoice in respect of supplies of goods or services which they have made in their territory and which are exempt, with or without deductibility of the VAT paid in the preceding stage, pursuant to [...] Article 132, points (h) to (l) of Article 135(1), Articles 136, 371, 375, 376 and 377, Articles 378(2) and 379(2) and Articles 380 to 390c.

#### Article 222

For intra-Union supplies of goods, for supplies of new means of transport in accordance with Article 35b or for supplies of services for which VAT is payable by the customer pursuant to Article 196, an invoice shall be issued no later than on the fifteenth day of the month following that in which the chargeable event occurs.

For other supplies of goods or services Member States may impose time limits on taxable persons for the issue of invoices.

*Article 223*

Member States shall allow taxable persons to issue summary invoices which detail several separate supplies of goods or services provided that VAT on the supplies mentioned in the summary invoice becomes chargeable during the same calendar month.

Without prejudice to Article 222, Member States may allow summary invoices to include supplies for which VAT has become chargeable during a period of time longer than one calendar month.

*Article 224*

Invoices may be drawn up by the customer in respect of the supply to him, by a taxable person, of goods or services, where there is a prior agreement between the two parties and provided that a procedure exists for the acceptance of each invoice by the taxable person supplying the goods or services. Member State may require that such invoices be issued in the name and on behalf of the taxable person.

*Article 225*

Member States may impose specific conditions on taxable persons in cases where the third party, or the customer, who issues invoices is established in a country with which no legal instrument exists relating to mutual assistance similar in scope to that provided for in Directive 2010/24/EU and Regulation (EC) No 904/2010.

**Section 4**  
**Content of invoices**

*Article 226*

Without prejudice to the particular provisions laid down in this Directive, only the following details are required for VAT purposes on invoices issued pursuant to Articles 220 and 221:

- (1) the date of issue;
- (2) a sequential number, based on one or more series, which uniquely identifies the invoice;
- (3) the VAT identification number referred to in Article 214 under which the taxable person supplied the goods or services;
- (4) the customer's VAT identification number, as referred to in Article 214, under which the customer received an intra-Union supply of goods or a supply of goods and services in respect of which he is liable for payment of VAT [...];
- (5) the full name and address of the taxable person and of the customer;
- (6) the quantity and nature of the goods supplied or the extent and nature of the services rendered;

- (7) the date on which the supply of goods or services was made or completed or the date on which the payment on account referred to in points (4) and (5) of Article 220 was made, in so far as that date can be determined and differs from the date of issue of the invoice;
- (7a) where the VAT becomes chargeable at the time when the payment is received in accordance with Article 66(b) and the right of deduction arises at the time the deductible tax becomes chargeable, the mention 'Cash accounting';
- (8) the taxable amount per rate or exemption, the unit price exclusive of VAT and any discounts or rebates if they are not included in the unit price;
- (9) the VAT rate applied;
- (10) the VAT amount payable, except where a special arrangement is applied under which, in accordance with this Directive, such a detail is excluded;
- (10a) where the customer receiving a supply issues the invoice instead of the supplier, the mention 'Self-billing';
- (11) in the case of an exemption, reference to the applicable provision of this Directive, or to the corresponding national provision, or any other reference indicating that the supply of goods or services is exempt;
- (11a) where the customer is liable for the payment of the VAT, the mention 'Reverse charge';
- (12) in the case of an intra-Union supply of a new means of transport or of a supply of a new means of transport as referred to in Article 35b, the characteristics as identified in Article 9(3);
- (13) where the margin scheme for travel agents is applied, the mention 'Margin scheme – Travel agents';
- (14) where one of the special arrangements applicable to second-hand goods, works of art, collectors' items and antiques is applied, the mention 'Margin scheme – Second-hand goods'; 'Margin scheme – Works of art' or 'Margin scheme – Collector's items and antiques' respectively;
- (15) where the person liable for payment of VAT is a tax representative for the purposes of Article 204, the VAT identification number, referred to in Article 214, of that tax representative, together with his full name and address.

*Article 226a*

Where the invoice is issued by a taxable person, who is not established in the Member State where the tax is due or whose establishment in that Member State does not intervene in the supply within the meaning of Article 192a, and who is making a supply of goods or services to a customer who is liable for payment of VAT, the taxable person may omit the details referred to in points (8), (9)

and (10) of Article 226 and instead indicate, by reference to the quantity or extent of the goods or services supplied and their nature, the taxable amount of those goods or services.

*Article 226b*

As regards simplified invoices issued pursuant to Article 220a and Article 221(1) and (2), Member States shall require at least the following details:

- (a) the date of issue;
- (b) identification of the taxable person supplying the goods or services;
- (c) identification of the type of goods or services supplied;
- (d) the VAT amount payable or the information needed to calculate it;
- (e) where the invoice issued is a document or message treated as an invoice pursuant to Article 219, specific and unambiguous reference to that initial invoice and the specific details which are being amended.

They may not require details on invoices other than those referred to in Articles 226, 227 and 230.

*Article 227*

Member States may require taxable persons established in their territory and supplying goods or services there to indicate the VAT identification number, referred to in Article 214, of the customer in cases other than those referred to in point (4) of Article 226.

*Article 228*

[...]

*Article 229*

Member States shall not require invoices to be signed.

*Article 230*

The amounts which appear on the invoice may be expressed in any currency, provided that the amount of VAT payable or to be adjusted is expressed in the national currency of the Member State in which that amount of VAT is payable or is to be adjusted, using the conversion rate mechanism provided for in Article 91.

*Article 231*

[...]

**Section 5**

**Paper invoices and electronic invoices**

*Article 232*

The use of an electronic invoice shall be subject to acceptance by the recipient.

*Article 233*

1. The authenticity of the origin, the integrity of the content and the legibility of an invoice, whether on paper or

in electronic form, shall be ensured from the point in time of issue until the end of the period for storage of the invoice.

Each taxable person shall determine the way to ensure the authenticity of the origin, the integrity of the content and the legibility of the invoice. This may be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

'Authenticity of the origin' means the assurance of the identity of the supplier or the issuer of the invoice.

'Integrity of the content' means that the content required according to this Directive has not been altered.

2. Other than by way of the type of business controls described in paragraph 1, the following are examples of technologies that ensure the authenticity of the origin and the integrity of the content of an electronic invoice:

- (a) an advanced electronic signature within the meaning of point (2) of Article 2 of Directive 1999/93/EC of the European Parliament and of the Council of 13 December 1999 on a Community framework for electronic signatures, based on a qualified certificate and created by a secure signature creation device, within the meaning of points (6) and (10) of Article 2 of Directive 1999/93/EC;
- (b) electronic data interchange (EDI), as defined in Article 2 of Annex 1 to Commission Recommendation 1994/820/EC of 19 October 1994 relating to the legal aspects of electronic data interchange, where the agreement relating to the exchange provides for the use of procedures guaranteeing the authenticity of the origin and integrity of the data.

*Article 234*

[...]

*Article 235*

Member States may lay down specific conditions for electronic invoices issued in respect of goods or services supplied in their territory from a country with which no legal instrument exists relating to mutual assistance similar in scope to that provided for in Directive 2010/24/EU and Regulation (EC) No 904/2010.

*Article 236*

Where batches containing several electronic invoices are sent or made available to the same recipient, the details common to the individual invoices may be mentioned only once where, for each invoice, all the information is accessible.

*Article 237*

By 31 December 2016 at the latest, the Commission shall present to the European Parliament and the Council an overall assessment report, based on an independent economic study, on the impact of the invoicing rules applicable from 1 January 2013 and notably on the extent to which they have effectively led to a decrease in

administrative burdens for businesses, accompanied where necessary by an appropriate proposal to amend the relevant rules.

**Section 6**  
**Simplification measures**

*Article 238*

1. After consulting the VAT Committee, Member States may, in accordance with conditions which they may lay down, provide that in the following cases only the information required pursuant to Article 226b shall be entered on invoices in respect of supplies of goods or services:

- (a) where the amount of the invoice is higher than EUR 100 but not higher than EUR 400, or the equivalent in national currency;
- (b) where commercial or administrative practice in the business sector concerned or the technical conditions under which the invoices are issued make it particularly difficult to comply with all the obligations referred to in Article 226 or 230.

2. [...]

3. The simplified arrangements provided for in paragraph 1 shall not be applied where invoices are required to be issued in respect of the following:

- (a) for intra-Union supplies of goods;
- (b) pursuant to point (2) [...] of Article 220(1);
- (c) where the taxable supply of goods or services is carried out by a taxable person who is not established in the Member State in which the VAT is due or whose establishment in that Member State does not intervene in the supply within the meaning of Article 192a and the person liable for the payment of VAT is the person to whom the goods or services are supplied.

*Article 239*

In cases where Member States make use of the option under point (b) of the first subparagraph of Article 272(1) of not allocating a VAT identification number to taxable persons who do not carry out any of the transactions referred to in Articles 14(4), 17(1) and 36, and where the supplier or the customer has not been allocated an identification number of that type, another number called the tax reference number, as defined by the Member States concerned, shall be entered on the invoice instead.

*Article 240*

Where the taxable person has been allocated a VAT identification number, the Member States exercising the option under point (b) of the first subparagraph of Article 272(1) may also require the invoice to show the following:

- (1) in respect of the supply of services, as referred to in Articles 44, 47, 50, 53, 54 and 55, [...] the VAT

identification number and the tax reference number of the supplier;

- (2) in respect of other supplies of goods or services, only the tax reference number of the supplier or only the VAT identification number.

**CHAPTER 4**  
**ACCOUNTING**

**Section 1**  
**Definition**

*Article 241*

For the purposes of this Chapter, 'storage of an invoice by electronic means' shall mean storage of data using electronic equipment for processing (including digital compression) and storage, and employing wire, radio, optical or other electromagnetic means.

**Section 2**  
**General obligations**

*Article 242*

Every taxable person shall keep accounts in sufficient detail for VAT to be applied and its application checked by the tax authorities.

*Article 242a*

1. Where a taxable person facilitates, through the use of an electronic interface such as a market place, platform, portal or similar means, the supply of goods or services to a non-taxable persons within the Union in accordance with the provisions of Title V, the taxable person who facilitates the supply shall be obliged to keep records of those supplies. These records shall be sufficiently detailed to enable the tax authorities of the Member States where those supplies are taxable to verify that VAT has been accounted for correctly.

2. The records referred to in paragraph 1 must be made available electronically on request to the Member States concerned.

Those records must be kept for a period of ten years from the end of the year during which the transaction was carried out.

*Article 243*

1. Every taxable person shall keep a register of the goods dispatched or transported by him, or on his behalf, to a destination outside the territory of the Member State of departure but within the Union for the purposes of transactions consisting in valuations of those goods or work on them or their temporary use as referred to in points (f), (g) and (h) of Article 17(2).

2. Every taxable person shall keep accounts in sufficient detail to enable the identification of goods dispatched to him from another Member State, by or on behalf of a taxable person identified for VAT purposes in



that other Member State, and used for services consisting in valuations of those goods or work on those goods.

**Section 3**  
**Specific obligations relating to**  
**the storage of all invoices**

*Article 244*

Every taxable person shall ensure that copies of the invoices issued by himself, or by his customer or, in his name and on his behalf, by a third party, and all the invoices which he has received, are stored.

*Article 245*

1. For the purposes of this Directive, the taxable person may decide the place of storage of all invoices provided that he makes the invoices or information stored in accordance with Article 244 available to the competent authorities without undue delay whenever they so request.

2. Member States may require taxable persons established in their territory to notify them of the place of storage, if it is outside their territory.

Member States may also require taxable persons established in their territory to store within that territory invoices issued by themselves or by their customers or, in their name and on their behalf, by a third party, as well as all the invoices that they have received, when the storage is not by electronic means guaranteeing full on-line access to the data concerned.

*Article 246*

[...]

*Article 247*

1. Each Member State shall determine the period throughout which taxable persons must ensure the storage of invoices relating to the supply of goods or services in its territory and invoices received by taxable persons established in its territory.

2. In order to ensure that the requirements laid down in Article 233 are met, the Member State referred to in paragraph 1 may require that invoices be stored in the original form in which they were sent or made available, whether paper or electronic. Additionally, in the case of invoices stored by electronic means, the Member State may require that the data guaranteeing the authenticity of the origin of the invoices and the integrity of their content, as provided for in Article 233, also be stored by electronic means.

3. The Member State referred to in paragraph 1 may lay down specific conditions prohibiting or restricting the storage of invoices in a country with which no legal instrument exists relating to mutual assistance similar in scope to that provided for in Directive 2010/24/EU and Regulation (EC) No 904/2010 or to the right referred to in Article 249 to access by electronic means, to download and to use.

*Article 248*

Member States may, subject to conditions which they lay down, require the storage of invoices received by non-taxable persons.

*Article 248a*

For control purposes, and as regards invoices in respect of supplies of goods or services supplied in their territory and invoices received by taxable persons established in their territory, Member States may, for certain taxable persons or certain cases, require translation into their official languages. Member States may, however, not impose a general requirement that invoices be translated.

**Section 4**  
**Right of access to invoices stored by**  
**electronic means in another Member State**

*Article 249*

For control purposes, where a taxable person stores, by electronic means guaranteeing online access to the data concerned, invoices which he issues or receives, the competent authorities of the Member State in which he is established and, where the VAT is due in another Member State, the competent authorities of that Member State, shall have the right to access, download and use those invoices.

**CHAPTER 5**  
**RETURNS**

*Article 250*

1. Every taxable person shall submit a VAT return setting out all the information needed to calculate the tax that has become chargeable and the deductions to be made including, in so far as is necessary for the establishment of the basis of assessment, the total value of the transactions relating to such tax and deductions and the value of any exempt transactions.

2. Member States shall allow, and may require, the VAT return referred to in paragraph 1 to be submitted by electronic means, in accordance with conditions which they lay down.

*Article 251*

[...]

*Article 252*

1. The VAT return shall be submitted by a deadline to be determined by Member States. That deadline may not be more than two months after the end of each tax period.

2. The tax period shall be set by each Member State at one month, two months or three months.

Member States may, however, set different tax periods provided that those periods do not exceed one year.

*Article 253*

Sweden may apply a simplified procedure for small and medium-sized enterprises, whereby taxable persons carrying out only transactions taxable at national level may submit VAT returns three months after the end of the annual direct tax period.

*Article 254*

In the case new means of transport are supplied in accordance with Articles 35a or 35b and the person to whom the supply is made is liable for VAT in accordance with Article 200, Member States shall take the measures necessary to ensure that the vendor communicates all the information needed for VAT to be applied and its application checked by the tax authorities.

*Article 255*

Where Member States designate the customer of investment gold as the person liable for payment of VAT pursuant to Article 198(1) or if, in the case of gold material, semi-manufactured products or investment gold as defined in Article 344(1), they exercise the option provided for in Article 198(2) of designating the customer as the person liable for payment of VAT, they shall take the measures necessary to ensure that he complies with the obligations relating to submission of a VAT return set out in this Chapter.

*Article 256*

Member States shall take the measures necessary to ensure that persons who are regarded as liable for payment of VAT in the stead of a taxable person not established within their territory, in accordance with Articles 194 to 196 and Article 204, comply with the obligations relating to submission of a VAT return, as laid down in this Chapter.

*Article 257*

[...]

*Article 258*

1. Member States shall lay down detailed rules for the submission of VAT returns by the person liable for VAT in accordance with Article 200 in respect of supplies of new means of transport in accordance with Articles 35a or 35b.

2. Paragraph 1 shall not apply to taxable persons that submit VAT returns in accordance with Article 250.

*Article 259*

Member States may require persons to whom new means of transport are supplied, to provide, when submitting the VAT return referred to in Article 258(1), all the information needed for VAT to be applied and its application checked by the tax authorities.

*Article 260*

Member States shall lay down detailed rules for the submission of VAT returns in respect of the importation of goods.

*Article 261*

1. Member States may require the taxable person to submit a return showing all the particulars specified in Article 250 [...] in respect of all transactions carried out in the preceding year. That return shall provide all the information necessary for any adjustments.

2. Member States shall allow, and may require, the return referred to in paragraph 1 to be submitted by electronic means, in accordance with conditions which they lay down.

**CHAPTER 6  
RECAPITULATIVE STATEMENTS**

*Article 262*

Every taxable person identified for VAT purposes shall submit a recapitulative statement of the taxable persons, and the non-taxable legal persons identified for VAT purposes, to whom he has supplied services, other than services that are exempted from VAT in the Member State where the transaction is taxable, and for which the recipient is liable to pay the tax pursuant to Article 196.

*Article 263*

1. The recapitulative statement shall be drawn up for each calendar month within a period not exceeding one month and in accordance with procedures to be determined by the Member States.

Member States may, in accordance with the conditions and limits which they may lay down, allow taxable persons to submit the recapitulative statement for each calendar quarter within a time limit not exceeding one month from the end of the quarter.

1a [...]

1b [...]

1c [...]

2. Member States shall allow, and may require, the recapitulative statement referred to in paragraph 1 to be submitted by electronic file transfer, in accordance with conditions which they lay down.

*Article 264*

1. The recapitulative statement shall set out the following information:

(a) the VAT identification number of the taxable person in the Member State in which the recapitulative statement must be submitted and under which [...] he effected taxable supplies of services in accordance with the conditions laid down in Article 44;

(b) the VAT identification number of the person [...] receiving the services in a Member State other than that in which the recapitulative statement must be submitted and under which the [...] services were supplied to him;

(c) [...]

(d) for each person who [...] received services, the total value of the supplies of [...] services carried out by the taxable person;

(e) [...]

(f) the amounts of adjustments made pursuant to Article 90.

2. The value referred to in paragraph 1(d) shall be declared for the period of submission established in accordance with Article 263(1) during which VAT became chargeable.

The amounts referred to in paragraph 1(f) shall be declared for the period of submission established in accordance with Article 263(1) during which the person acquiring the goods was notified of the adjustment.

*Article 265*

[...]

*Article 266*

By way of derogation from Articles 264, Member States may provide that additional information is to be given in recapitulative statements.

*Article 267*

Member States shall take the measures necessary to ensure that those persons who, in accordance with Articles 194 and 204, are regarded as liable for payment of VAT, in the stead of a taxable person who is not established in their territory, comply with the obligation to submit a recapitulative statement as provided for in this Chapter.

*Article 268*

[...]

*Article 269*

[...]

*Article 270*

[...]

*Article 271*

After consulting the VAT Committee, Member States which set at over three months the tax period in respect of which taxable persons must submit the VAT return provided for in Article 250 may permit such persons to submit recapitulative statements in respect of the same period where the total annual value, exclusive of VAT, of the supplies of goods and services of those taxable persons does not exceed EUR 200 000 or the equivalent in national currency.

**CHAPTER 7  
MISCELLANEOUS PROVISIONS**

*Article 272*

1. Member States may release the following taxable persons from certain or all obligations referred to in Chapters 2 to 6:

(a) [...]

(b) taxable persons carrying out none of the transactions referred to in Articles 14(4), 17(1), and 36;

(c) taxable persons carrying out only supplies of goods or of services which are exempt pursuant to Articles 132, 135 and 136, Articles 146 to 149 and Articles 151, 152 or 153;

(d) taxable persons covered by the exemption for small enterprises provided for in Articles 282 to 292;

(e) taxable persons covered by the common flat-rate scheme for farmers.

Member States may not release the taxable persons referred to in point (b) of the first subparagraph from the invoicing obligations laid down in Sections 3 to 6 of Chapter 3 and Section 3 of Chapter 4.

2. If Member States exercise the option under point (e) of the first subparagraph of paragraph 1, they shall take the measures necessary to ensure the correct application of the [...] arrangements for the taxation of intra-Union transactions.

3. Member States may release taxable persons other than those referred to in paragraph 1 from certain of the accounting obligations referred to in Article 242.

*Article 273*

Member States may impose other obligations which they deem necessary to ensure the correct collection of VAT and to prevent evasion, subject to the requirement of equal treatment as between domestic transactions and transactions carried out between Member States by taxable persons and provided that such obligations do not, in trade between Member States, give rise to formalities connected with the crossing of frontiers.

The option referred to in the first paragraph may not be relied upon in order to impose additional invoicing obligations over and above those laid down in Chapter 3.

**CHAPTER 8  
OBLIGATIONS RELATING TO CERTAIN  
IMPORTATIONS AND EXPORTATIONS**

**Section 1  
Importation**

*Article 274*

Articles 275, 276 and 277 shall apply to the importation of goods in free circulation which enter the Union from a third territory forming part of the customs territory of the Union.

*Article 275*

The formalities relating to the importation of the goods referred to in Article 274 shall be the same as those laid down by the Union customs provisions in force for the importation of goods into the customs territory of the Union.

*Article 276*

Where dispatch or transport of the goods referred to in Article 274 ends at a place situated outside the Member State of their entry into the Union, they shall circulate in the Community under the Union transit procedure laid down by the Union customs provisions in force, in so far as they have been the subject of a declaration placing them under that procedure on their entry into the Union.

*Article 277*

Where, on their entry into the Union, the goods referred to in Article 274 are in one of the situations which would entitle them, if they were imported within the meaning of the first paragraph of Article 30, to be covered by one of the arrangements or situations referred to in Article 156, or by a temporary importation arrangement with full exemption from import duties, Member States shall take the measures necessary to ensure that the goods may remain in the Union under the same conditions as those laid down for the application of those arrangements or situations.

**Section 2**  
**Exportation**

*Article 278*

Articles 279 and 280 shall apply to the exportation of goods in free circulation which are dispatched or transported from a Member State to a third territory forming part of the customs territory of the Union.

*Article 279*

The formalities relating to the exportation of the goods referred to in Article 278 from the territory of the Union shall be the same as those laid down by the Union customs provisions in force for the exportation of goods from the customs territory of the Union.

*Article 280*

In the case of goods which are temporarily exported from the Union, in order to be reimported, Member States shall take the measures necessary to ensure that, on reimportation into the Union, such goods may be covered by the same provisions as would have applied if they had been temporarily exported from the customs territory of the Union.

**TITLE XII**  
**SPECIAL SCHEMES**

**CHAPTER 1**  
**SPECIAL SCHEME FOR**  
**SMALL ENTERPRISES**

**Section 1**  
**Simplified procedure for charging and collection**

**Article 281**

Member States which might encounter difficulties in applying the normal VAT arrangements to small enterprises, by reason of the activities or structure of such enterprises, may, subject to such conditions and limits as they may set, and after consulting the VAT Committee, apply simplified procedures, such as flat-rate schemes, for charging and collecting VAT provided that they do not lead to a reduction thereof.

**Section 2**  
**Exemptions or graduated relief**

*Article 282*

The exemptions and graduated tax relief provided for in this Section shall apply to the supply of goods and services by small enterprises.

*Article 283*

1. The arrangements provided for in this Section shall not apply to the following transactions:
  - (a) transactions carried out on an occasional basis, as referred to in Article 12;
  - (b) supplies of new means of transport carried out in accordance with Articles 35a or 35b;
  - (c) supplies of goods or services carried out by a taxable person who is not established in the Member State in which the VAT is due.
2. Member States may exclude transactions other than those referred to in paragraph 1 from the arrangements provided for in this Section.

*Article 284*

1. Member States which have exercised the option under Article 14 of Council Directive 67/228/EEC of 11 April 1967 on the harmonisation of legislation of Member States concerning turnover taxes — Structure and procedures for application of the common system of value added tax<sup>11</sup> of introducing exemptions or graduated tax relief may retain them, and the arrangements for applying them, if they comply with the VAT rules.
2. Member States which, at 17 May 1977, exempted taxable persons whose annual turnover was less than the equivalent in national currency of 5 000 European units of

<sup>11</sup> OJ 71, 14.4.1967, p. 1303/67. Directive repealed by Directive 77/388/EEC.

account at the conversion rate on that date, may raise that ceiling up to EUR 5 000.

Member States which applied graduated tax relief may neither raise the ceiling for graduated tax relief nor render the conditions for the granting of it more favourable.

*Article 285*

Member States which have not exercised the option under Article 14 of Directive 67/228/EEC may exempt taxable persons whose annual turnover is no higher than EUR 5 000 or the equivalent in national currency.

The Member States referred to in the first paragraph may grant graduated tax relief to taxable persons whose annual turnover exceeds the ceiling fixed by them for its application.

*Article 286*

Member States which, at 17 May 1977, exempted taxable persons whose annual turnover was equal to or higher than the equivalent in national currency of 5 000 European units of account at the conversion rate on that date, may raise that ceiling in order to maintain the value of the exemption in real terms.

*Article 287*

Member States which acceded after 1 January 1978 may exempt taxable persons whose annual turnover is no higher than the equivalent in national currency of the following amounts at the conversion rate on the day of their accession:

- (1) Greece: 10 000 European units of account;
- (2) Spain: ECU 10 000;
- (3) Portugal: ECU 10 000;
- (4) Austria: ECU 35 000;
- (5) Finland: ECU 10 000;
- (6) Sweden: ECU 10 000;
- (7) Czech Republic: EUR 35 000;
- (8) Estonia: EUR 16 000;
- (9) Cyprus: EUR 15 600;
- (10) Latvia: EUR 17 200;
- (11) Lithuania: EUR 29 000;
- (12) Hungary: EUR 35 000;
- (13) Malta: EUR 37 000 if the economic activity consists principally in the supply of goods, EUR 24 300 if the economic activity consists principally in the supply of services with a low value added (high inputs), and EUR 14 600 in other cases, namely supplies of services with a high value added (low inputs);
- (14) Poland: EUR 10 000;
- (15) Slovenia: EUR 25 000;

(16) Slovakia: EUR 35 000.

(17) Bulgaria: EUR 25 600;

(18) Romania: EUR 35 000;

(19) Croatia: EUR 35 000.

*Article 288*

The turnover serving as a reference for the purposes of applying the arrangements provided for in this Section shall consist of the following amounts, exclusive of VAT:

- (1) the value of supplies of goods and services, in so far as they are taxed;
- (2) the value of transactions which are exempt, with deductibility of the VAT paid at the preceding stage, pursuant to Articles 110 or 111, Article 125(1), Article 127 or Article 128(1);
- (3) the value of transactions which are exempt pursuant to Articles 146 to 149 and Articles 151, 152 or 153;
- (4) the value of real estate transactions, financial transactions as referred to in points (b) to (g) of Article 135(1), and insurance services, unless those transactions are ancillary transactions.

However, disposals of the tangible or intangible capital assets of an enterprise shall not be taken into account for the purposes of calculating turnover.

*Article 289*

Taxable persons exempt from VAT shall not be entitled to deduct VAT in accordance with Articles 167 to 171 and Articles 173 to 177, and may not show the VAT on their invoices.

*Article 290*

Taxable persons who are entitled to exemption from VAT may opt either for the normal VAT arrangements or for the simplified procedures provided for in Article 281. In this case, they shall be entitled to any graduated tax relief provided for under national legislation.

*Article 291*

Subject to the application of Article 281, taxable persons enjoying graduated relief shall be regarded as taxable persons subject to the normal VAT arrangements.

*Article 292*

The arrangements provided for in this Section shall apply until a date to be fixed by the Council in accordance with Article 93 of the Treaty, which may not be later than that on which the definitive arrangements referred to in Article 402 enter into force.

**Section 3**  
**Reporting and review**

*Article 293*

Every four years starting from the adoption of this Directive, the Commission shall present to the Council, on the basis of information obtained from the Member States, a report on the application of this Chapter, together, where appropriate and taking into account the need to ensure the long-term convergence of national regulations, with proposals on the following subjects:

- (1) improvements to the special scheme for small enterprises;
- (2) the adaptation of national systems as regards exemptions and graduated tax relief;
- (3) the adaptation of the ceilings provided for in Section 2.

*Article 294*

The Council shall decide, in accordance with Article 93 of the Treaty, whether a special scheme for small enterprises is necessary under the definitive arrangements and, if appropriate, shall lay down the common limits and conditions for the implementation of that scheme.

**CHAPTER 2**  
**COMMON FLAT-RATE SCHEME**  
**FOR FARMERS**

*Article 295*

1. For the purposes of this Chapter, the following definitions shall apply:

- (1) 'farmer' means any taxable person whose activity is carried out in an agricultural, forestry or fisheries undertaking;
- (2) 'agricultural, forestry or fisheries undertaking' means an undertaking regarded as such by each Member State within the framework of the production activities listed in Annex VII;
- (3) 'flat-rate farmer' means any farmer covered by the flat-rate scheme provided for in this Chapter;
- (4) 'agricultural products' means goods produced by an agricultural, forestry or fisheries undertaking in each Member State as a result of the activities listed in Annex VII;
- (5) 'agricultural services' means services, and in particular those listed in Annex VIII, supplied by a farmer using his labour force or the equipment normally employed in the agricultural, forestry or fisheries undertaking operated by him and normally playing a part in agricultural production;
- (6) 'input VAT charged' means the amount of the total VAT attaching to the goods and services purchased by all agricultural, forestry and fisheries undertakings of each Member State subject to the

flat-rate scheme where such tax would be deductible in accordance with Articles 167, 168 and 169 and Articles 173 to 177 by a farmer subject to the normal VAT arrangements;

- (7) 'flat-rate compensation percentages' means the percentages fixed by Member States in accordance with Articles 297, 298 and 299 and applied by them in the cases specified in Article 300 in order to enable flat-rate farmers to offset at a fixed rate the input VAT charged;
- (8) 'flat-rate compensation' means the amount arrived at by applying the flat-rate compensation percentage to the turnover of the flat-rate farmer in the cases specified in Article 300.

2. Where a farmer processes, using means normally employed in an agricultural, forestry or fisheries undertaking, products deriving essentially from his agricultural production, such processing activities shall be treated as agricultural production activities, as listed in Annex VII.

*Article 296*

1. Where the application to farmers of the normal VAT arrangements, or the special scheme provided for in Chapter 1, is likely to give rise to difficulties, Member States may apply to farmers, in accordance with this Chapter, a flat-rate scheme designed to offset the VAT charged on purchases of goods and services made by the flat-rate farmers.

2. Each Member State may exclude from the flat-rate scheme certain categories of farmers, as well as farmers for whom application of the normal VAT arrangements, or of the simplified procedures provided for in Article 281, is not likely to give rise to administrative difficulties.

3. Every flat-rate farmer may opt, subject to the rules and conditions to be laid down by each Member State, for application of the normal VAT arrangements or, as the case may be, the simplified procedures provided for in Article 281.

*Article 297*

Member States shall, where necessary, fix the flat-rate compensation percentages. They may fix varying percentages for forestry, for the different sub-divisions of agriculture and for fisheries.

Member States shall notify the Commission of the flat-rate compensation percentages fixed in accordance with the first paragraph before applying them.

*Article 298*

The flat-rate compensation percentages shall be calculated on the basis of macro-economic statistics for flat-rate farmers alone for the preceding three years.

The percentages may be rounded up or down to the nearest half point. Member States may also reduce such percentages to a nil rate.

*Article 299*

The flat-rate compensation percentages may not have the effect of obtaining for flat-rate farmers refunds greater than the input VAT charged.

*Article 300*

The flat-rate compensation percentages shall be applied to the prices, exclusive of VAT, of the following goods and services:

- (1) agricultural products supplied by flat-rate farmers to taxable persons other than those covered, in the Member State in which these products were supplied, by this flat-rate scheme;
- (2) [...]
- (3) agricultural services supplied by flat-rate farmers to taxable persons other than those covered, in the Member State in which these services were supplied, by this flat-rate scheme.

*Article 301*

1. In the case of the supply of agricultural products or agricultural services specified in Article 300, Member States shall provide that the flat-rate compensation is to be paid either by the customer or by the public authorities.

2. In respect of any supply of agricultural products or agricultural services other than those specified in Article 300, the flat-rate compensation shall be deemed to be paid by the customer.

*Article 302*

If a flat-rate farmer is entitled to flat-rate compensation, he shall not be entitled to deduction of VAT in respect of activities covered by this flat-rate scheme.

*Article 303*

1. Where the taxable customer pays flat-rate compensation pursuant to Article 301(1), he shall be entitled, in accordance with the conditions laid down in Articles 167, 168 and 169 and Articles 173 to 177 and the procedures laid down by the Member States, to deduct the compensation amount from the VAT for which he is liable in the Member State in which his taxed transactions are carried out.

2. Member States shall refund to the customer the amount of the flat-rate compensation he has paid in respect of any of the following transactions:

- (a) the supply of agricultural products dispatched or transported outside the territory of the Member State of supply to a taxable customer established within the Union but in another Member State; in so far as the products are used by that customer for the purposes of the transactions referred to in Article 169(a) and (b);
- (b) the supply of agricultural products, carried out in accordance with the conditions specified in Articles 146, 147, 148 and 156, Article 157(1)(b) and Articles 158, 160 and 161, to a taxable custo-

mer established outside the Union, in so far as the products are used by that customer for the purposes of the transactions referred to in Article 169(a) and (b) or for the purposes of supplies of services which are deemed to take place within the territory of the Member State in which the customer is established and in respect of which VAT is payable solely by the customer pursuant to Article 196;

- (c) the supply of agricultural services to a taxable customer established within the Union but in another Member State or to a taxable customer established outside the Union, in so far as the services are used by the customer for the purposes of the transactions referred to in Article 169(a) and (b) or for the purposes of supplies of services which are deemed to take place within the territory of the Member State in which the customer is established and in respect of which VAT is payable solely by the customer pursuant to Article 196.

3. Member States shall determine the method by which the refunds provided for in paragraph 2 are to be made. In particular, they may apply the provisions of Directives 2008/9/EC and 86/560/EEC.

*Article 304*

Member States shall take all measures necessary to verify payments of flat-rate compensation to flat-rate farmers.

*Article 305*

Whenever Member States apply this flat-rate scheme, they shall take all measures necessary to ensure that the supply of agricultural products between Member States, carried out in accordance with Article 33(1), is always taxed in the same way, whether the supply is effected by a flat-rate farmer or by another taxable person.

**CHAPTER 3  
SPECIAL SCHEME FOR  
TRAVEL AGENTS**

*Article 306*

1. Member States shall apply a special VAT scheme, in accordance with this Chapter, to transactions carried out by travel agents who deal with customers in their own name and use supplies of goods or services provided by other taxable persons, in the provision of travel facilities.

This special scheme shall not apply to travel agents where they act solely as intermediaries and to whom point (c) of the first paragraph of Article 79 applies for the purposes of calculating the taxable amount.

2. For the purposes of this Chapter, tour operators shall be regarded as travel agents.

*Article 307*

Transactions made, in accordance with the conditions laid down in Article 306, by the travel agent in respect of a

journey shall be regarded as a single service supplied by the travel agent to the traveller.

The single service shall be taxable in the Member State in which the travel agent has established his business or has a fixed establishment from which the travel agent has carried out the supply of services.

*Article 308*

The taxable amount and the price exclusive of VAT, within the meaning of point (8) of Article 226, in respect of the single service provided by the travel agent shall be the travel agent's margin, that is to say, the difference between the total amount, exclusive of VAT, to be paid by the traveller and the actual cost to the travel agent of supplies of goods or services provided by other taxable persons, where those transactions are for the direct benefit of the traveller.

*Article 309*

If transactions entrusted by the travel agent to other taxable persons are performed by such persons outside the Union, the supply of services carried out by the travel agent shall be treated as an intermediary activity exempted pursuant to Article 153.

If the transactions are performed both inside and outside the Union, only that part of the travel agent's service relating to transactions outside the Union may be exempted.

*Article 310*

VAT charged to the travel agent by other taxable persons in respect of transactions which are referred to in Article 307 and which are for the direct benefit of the traveller shall not be deductible or refundable in any Member State.

**CHAPTER 4  
SPECIAL ARRANGEMENTS  
FOR SECOND-HAND GOODS, WORKS  
OF ART, COLLECTORS' ITEMS  
AND ANTIQUES**

**Section 1  
Definitions**

*Article 311*

1. For the purposes of this Chapter, and without prejudice to other Union provisions, the following definitions shall apply:

- (1) 'second-hand goods' means movable tangible property that is suitable for further use as it is or after repair, other than works of art, collectors' items or antiques and other than precious metals or precious stones as defined by the Member States;
- (2) 'works of art' means the objects listed in Annex IX, Part A;
- (3) 'collectors' items' means the objects listed in Annex IX, Part B;

- (4) 'antiques' means the objects listed in Annex IX, Part C;
- (5) 'taxable dealer' means any taxable person who, in the course of his economic activity and with a view to resale, purchases, or applies for the purposes of his business, or imports, second-hand goods, works of art, collectors' items or antiques, whether that taxable person is acting for himself or on behalf of another person pursuant to a contract under which commission is payable on purchase or sale;
- (6) 'organiser of a sale by public auction' means any taxable person who, in the course of his economic activity, offers goods for sale by public auction with a view to handing them over to the highest bidder;
- (7) 'principal of an organiser of a sale by public auction' means any person who transmits goods to an organiser of a sale by public auction pursuant to a contract under which commission is payable on a sale.

2. Member States need not regard as works of art the objects listed in points (5), (6) or (7) of Annex IX, Part A.

3. The contract under which commission is payable on a sale, referred to in point (7) of paragraph 1, must provide that the organiser of the sale is to put up the goods for public auction in his own name but on behalf of his principal and that he is to hand over the goods, in his own name but on behalf of his principal, to the highest bidder at the public auction.

**Section 2  
Special arrangements  
for taxable dealers**

**Subsection 1  
Margin scheme**

*Article 312*

For the purposes of this Subsection, the following definitions shall apply:

- (1) 'selling price' means everything which constitutes the consideration obtained or to be obtained by the taxable dealer from the customer or from a third party, including subsidies directly linked to the transaction, taxes, duties, levies and charges and incidental expenses such as commission, packaging, transport and insurance costs charged by the taxable dealer to the customer, but excluding the amounts referred to in Article 79;
- (2) 'purchase price' means everything which constitutes the consideration, for the purposes of point (1), obtained or to be obtained from the taxable dealer by his supplier.



*Article 313*

1. In respect of the supply of second-hand goods, works of art, collectors' items or antiques carried out by taxable dealers, Member States shall apply a special scheme for taxing the profit margin made by the taxable dealer, in accordance with the provisions of this Subsection.

2. The scheme referred to in paragraph 1 of this Article shall not apply to the supply of new means of transport, carried out in accordance with Articles 35a and 35b.

*Article 314*

The margin scheme shall apply to the supply by a taxable dealer of second-hand goods, works of art, collectors' items or antiques where those goods have been supplied to him within the Union by one of the following persons:

- (a) a non-taxable person;
- (b) another taxable person, in so far as the supply of goods by that other taxable person is exempt pursuant to Article 136;
- (c) another taxable person, in so far as the supply of goods by that other taxable person is covered by the exemption for small enterprises provided for in Articles 282 to 292 and involves capital goods;
- (d) another taxable dealer, in so far as VAT has been applied to the supply of goods by that other taxable dealer in accordance with this margin scheme.

*Article 315*

The taxable amount in respect of the supply of goods as referred to in Article 314 shall be the profit margin made by the taxable dealer, less the amount of VAT relating to the profit margin.

The profit margin of the taxable dealer shall be equal to the difference between the selling price charged by the taxable dealer for the goods and the purchase price.

*Article 316*

1. Member States shall grant taxable dealers the right to opt for application of the margin scheme to the following transactions:

- (a) the supply of works of art, collectors' items or antiques, which the taxable dealer has imported himself;
- (b) the supply of works of art supplied to the taxable dealer by their creators or their successors in title;
- (c) the supply of works of art supplied to the taxable dealer by a taxable person other than a taxable dealer where the reduced rate has been applied to that supply pursuant to Article 103.

2. Member States shall lay down the detailed rules for exercise of the option provided for in paragraph 1,

which shall in any event cover a period of at least two calendar years.

*Article 317*

If a taxable dealer exercises the option under Article 316, the taxable amount shall be determined in accordance with Article 315.

In respect of the supply of works of art, collectors' items or antiques which the taxable dealer has imported himself, the purchase price to be taken into account in calculating the profit margin shall be equal to the taxable amount on importation, determined in accordance with Articles 85 to 89, plus the VAT due or paid on importation.

*Article 318*

1. In order to simplify the procedure for collecting the tax and after consulting the VAT Committee, Member States may provide that, for certain transactions or for certain categories of taxable dealers, the taxable amount in respect of supplies of goods subject to the margin scheme is to be determined for each tax period during which the taxable dealer must submit the VAT return referred to in Article 250.

In the event that such provision is made in accordance with the first subparagraph, the taxable amount in respect of supplies of goods to which the same rate of VAT is applied shall be the total profit margin made by the taxable dealer less the amount of VAT relating to that margin.

2. The total profit margin shall be equal to the difference between the following two amounts:

- (a) the total value of supplies of goods subject to the margin scheme and carried out by the taxable dealer during the tax period covered by the return, that is to say, the total of the selling prices;
- (b) the total value of purchases of goods, as referred to in Article 314, effected by the taxable dealer during the tax period covered by the return, that is to say, the total of the purchase prices.

3. Member States shall take the measures necessary to ensure that the taxable dealers referred to in paragraph 1 do not enjoy unjustified advantage or sustain unjustified harm.

*Article 319*

The taxable dealer may apply the normal VAT arrangements to any supply covered by the margin scheme.

*Article 320*

1. Where the taxable dealer applies the normal VAT arrangements to the supply of a work of art, a collectors' item or an antique which he has imported himself, he shall be entitled to deduct from the VAT for which he is liable the VAT due or paid on the import.

Where the taxable dealer applies the normal VAT arrangements to the supply of a work of art supplied to him by its creator, or the creator's successors in title, or by a taxable person other than a taxable dealer, he shall be

entitled to deduct from the VAT for which he is liable the VAT due or paid in respect of the work of art supplied to him.

2. A right of deduction shall arise at the time when the VAT due on the supply in respect of which the taxable dealer opts for application of the normal VAT arrangements becomes chargeable.

*Article 321*

If carried out in accordance with the conditions specified in Articles 146, 147, 148 or 151, the supply of second-hand goods, works of art, collectors' items or antiques subject to the margin scheme shall be exempt.

*Article 322*

In so far as goods are used for the purpose of supplies carried out by him and subject to the margin scheme, the taxable dealer may not deduct the following from the VAT for which he is liable:

- (a) the VAT due or paid in respect of works of art, collectors' items or antiques which he has imported himself;
- (b) the VAT due or paid in respect of works of art which have been, or are to be, supplied to him by their creator or by the creator's successors in title;
- (c) the VAT due or paid in respect of works of art which have been, or are to be, supplied to him by a taxable person other than a taxable dealer.

*Article 323*

Taxable persons may not deduct from the VAT for which they are liable the VAT due or paid in respect of goods which have been, or are to be, supplied to them by a taxable dealer, in so far as the supply of those goods by the taxable dealer is subject to the margin scheme.

*Article 324*

Where the taxable dealer applies both the normal VAT arrangements and the margin scheme, he must show separately in his accounts the transactions falling under each of those arrangements, in accordance with the rules laid down by the Member States.

*Article 325*

The taxable dealer may not enter separately on the invoices which he issues the VAT relating to supplies of goods to which he applies the margin scheme.

**Subsection 2**

**Transitional arrangements for second-hand means of transport**



**Section 3**  
**Special arrangements for sales by public auction**

*Article 333*

1. Member States may, in accordance with the provisions of this Section, apply special arrangements for taxation of the profit margin made by an organiser of a sale by public auction in respect of the supply of second-hand goods, works of art, collectors' items or antiques by that organiser, acting in his own name and on behalf of the persons referred to in Article 334, pursuant to a contract under which commission is payable on the sale of those goods by public auction.

2. The arrangements referred to in paragraph 1 shall not apply to the supply of new means of transport, carried out in accordance with the conditions specified in Articles 35a or 35b.

*Article 334*

These special arrangements shall apply to supplies carried out by an organiser of a sale by public auction, acting in his own name, on behalf of one of the following persons:

- (a) a non-taxable person;
- (b) another taxable person, in so far as the supply of goods, carried out by that taxable person in accordance with a contract under which commission is payable on a sale, is exempt pursuant to Article 136;
- (c) another taxable person, in so far as the supply of goods, carried out by that taxable person in accordance with a contract under which commission is payable on a sale, is covered by the exemption for small enterprises provided for in Articles 282 to 292 and involves capital goods;
- (d) a taxable dealer, in so far as the supply of goods, carried out by that taxable dealer in accordance with a contract under which commission is payable on a sale, is subject to VAT in accordance with the margin scheme.

*Article 335*

The supply of goods to a taxable person who is an organiser of sales by public auction shall be regarded as taking place when the sale of those goods by public auction takes place.

*Article 336*

The taxable amount in respect of each supply of goods referred to in this Section shall be the total amount invoiced in accordance with Article 339 to the purchaser by the organiser of the sale by public auction, less the following:

- (a) the net amount paid or to be paid by the organiser of the sale by public auction to his principal, as determined in accordance with Article 337;
- (b) the amount of the VAT payable by the organiser of the sale by public auction in respect of his supply.

*Article 337*

The net amount paid or to be paid by the organiser of the sale by public auction to his principal shall be equal to the difference between the auction price of the goods and the amount of the commission obtained or to be obtained by the organiser of the sale by public auction from his principal pursuant to the contract under which commission is payable on the sale.

*Article 338*

Organisers of sales by public auction who supply goods in accordance with the conditions laid down in Articles 333 and 334 must indicate the following in their accounts, in suspense accounts:

- (a) the amounts obtained or to be obtained from the purchaser of the goods;
- (b) the amounts reimbursed or to be reimbursed to the vendor of the goods.

The amounts referred to in the first paragraph must be duly substantiated.

*Article 339*

The organiser of the sale by public auction must issue to the purchaser an invoice itemising the following:

- (a) the auction price of the goods;
- (b) taxes, duties, levies and charges;
- (c) incidental expenses, such as commission, packing, transport and insurance costs, charged by the organiser to the purchaser of the goods.

The invoice issued by the organiser of the sale by public auction must not indicate any VAT separately.

*Article 340*

1. The organiser of the sale by public auction to whom the goods have been transmitted pursuant to a contract under which commission is payable on a public auction sale must issue a statement to his principal.

The statement issued by the organiser of the sale by public auction must specify separately the amount of the transaction, that is to say, the auction price of the goods less the amount of the commission obtained or to be obtained from the principal.

2. The statement drawn up in accordance with paragraph 1 shall serve as the invoice which the principal, where he is a taxable person, must issue to the organiser of the sale by public auction in accordance with Article 220.

*Article 341*



**Section 4**  
**Measures to prevent distortion of competition and tax evasion**

*Article 342*

Member States may take measures concerning the right of deduction in order to ensure that the taxable dealers covered by special arrangements as provided for in Section 2 do not enjoy unjustified advantage or sustain unjustified harm.

*Article 343*

Acting unanimously on a proposal from the Commission, the Council may authorise any Member State to introduce special measures to combat tax evasion, pursuant to which the VAT due under the margin scheme may not be less than the amount of VAT which would be due if the profit margin were equal to a certain percentage of the selling price.

The percentage of the selling price shall be fixed in the light of the normal profit margins made by economic operators in the sector concerned.

**CHAPTER 5**  
**SPECIAL SCHEME FOR**  
**INVESTMENT GOLD**

**Section 1**  
**General provisions**

*Article 344*

1. For the purposes of this Directive, and without prejudice to other Union provisions, 'investment gold' shall mean:

- (1) gold, in the form of a bar or a wafer of weights accepted by the bullion markets, of a purity equal to or greater than 995 thousandths, whether or not represented by securities;
- (2) gold coins of a purity equal to or greater than 900 thousandths and minted after 1800, which are or have been legal tender in the country of origin, and are normally sold at a price which does not exceed the open market value of the gold contained in the coins by more than 80%.

2. Member States may exclude from this special scheme small bars or wafers of a weight of 1 g or less.

3. For the purposes of this Directive, the coins referred to in point (2) of paragraph 1 shall not be regarded as sold for numismatic interest.

*Article 345*

Starting in 1999, each Member State shall inform the Commission by 1 July each year of the coins meeting the criteria laid down in point (2) of Article 344(1) which are traded in that Member State. The Commission shall, before 1 December each year, publish a comprehensive list of those coins in the 'C' series of the Official Journal of the European Union. Coins included in the published list shall be

deemed to fulfil those criteria throughout the year for which the list is published.

**Section 2**  
**Exemption from VAT**

*Article 346*

Member States shall exempt from VAT the supply [...] and the importation of investment gold, including investment gold represented by certificates for allocated or unallocated gold or traded on gold accounts and including, in particular, gold loans and swaps, involving a right of ownership or claim in respect of investment gold, as well as transactions concerning investment gold involving futures and forward contracts leading to a transfer of right of ownership or claim in respect of investment gold.

*Article 347*

Member States shall exempt the services of agents who act in the name and on behalf of another person, when they take part in the supply of investment gold for their principal.

**Section 3**  
**Taxation option**

*Article 348*

Member States shall allow taxable persons who produce investment gold or transform gold into investment gold the right to opt for the taxation of supplies of investment gold to another taxable person which would otherwise be exempt pursuant to Article 346.

*Article 349*

1. Member States may allow taxable persons who, in the course of their economic activity, normally supply gold for industrial purposes, the right to opt for the taxation of supplies of gold bars or wafers, as referred to in point (1) of Article 344(1), to another taxable person, which would otherwise be exempt pursuant to Article 346.

2. Member States may restrict the scope of the option provided for in paragraph 1.

*Article 350*

Where the supplier has exercised the right under Articles 348 and 349 to opt for taxation, Member States shall allow the agent to opt for taxation of the services referred to in Article 347.

*Article 351*

Member States shall lay down detailed rules for the exercise of the options provided for in this Section, and shall inform the Commission accordingly.

**Section 4**  
**Transactions on a regulated gold bullion market**

*Article 352*

Each Member State may, after consulting the VAT Committee, apply VAT to specific transactions relating to investment gold which take place in that Member State between taxable persons who are members of a gold bullion market regulated by the Member State concerned or between such a taxable person and another taxable person who is not a member of that market. However, the Member State may not apply VAT to [...] exports of investment gold.

*Article 353*

Member States which, pursuant to Article 352, tax transactions between taxable persons who are members of a regulated gold bullion market shall, for the purposes of simplification, authorise suspension of the tax to be collected and relieve taxable persons of the accounting requirements in respect of VAT.

**Section 5**  
**Special rights and obligations for traders in investment gold**

*Article 354*

Where his subsequent supply of investment gold is exempt pursuant to this Chapter, the taxable person shall be entitled to deduct the following:

- (a) the VAT due or paid in respect of investment gold supplied to him by a person who has exercised the right of option under Articles 348 and 349 or supplied to him in accordance with Section 4;
- (b) the VAT due or paid in respect of a supply to him [...] or importation carried out by him, of gold other than investment gold which is subsequently transformed by him or on his behalf into investment gold;
- (c) the VAT due or paid in respect of services supplied to him consisting in a change of form, weight or purity of gold including investment gold.

*Article 355*

Taxable persons who produce investment gold or transform gold into investment gold shall be entitled to deduct the VAT due or paid by them in respect of the supply [...] or importation of goods or services linked to the production or transformation of that gold, as if the subsequent supply of the gold exempted pursuant to Article 346 were taxed.

*Article 356*

1. Member States shall ensure that traders in investment gold keep, as a minimum, accounts of all substantial transactions in investment gold and keep the documents which enable the customers in such transactions to be identified.

Traders shall keep the information referred to in the first subparagraph for a period of at least five years.

2. Member States may accept equivalent obligations under measures adopted pursuant to other Union legislation, such as Directive (EU) 2015/849 of the European Parliament and of the Council<sup>12</sup> to comply with the requirements under paragraph 1.

3. Member States may lay down obligations which are more stringent, in particular as regards the keeping of special records or special accounting requirements.

## CHAPTER 6

### 'SPECIAL SCHEMES FOR NON-ESTABLISHED TAXABLE PERSONS

#### Section 1

#### General provisions

##### Article 357

[...]

##### Article 358

For the purposes of this Chapter, and without prejudice to other Union provisions, the following definitions shall apply:

- (1) [...]
- (2) [...]
- (3) [...]
- (4) 'VAT return' means the statement containing the information necessary to establish the amount of VAT due in each Member State.

#### Section 2

#### 'Special scheme for services supplied by taxable persons not established within the Union

##### Article 358a

For the purposes of this Section, and without prejudice to other Union provisions, the following definitions shall apply:

- (1) 'taxable person not established within the Union' means a taxable person who has not established his business in the territory of the Union and who has no fixed establishment there;
- (2) 'Member State of identification' means the Member State which the taxable person not established within the Union chooses to contact to state when his activity as a taxable person within the territory of the Union commences in accordance with the provisions of this Section.

- (3) 'Member State of consumption' means the Member State in which the supply of services is deemed to take place in accordance with Chapter 3 of Title V.

##### Article 359

Member States shall permit any taxable person not established within the Union supplying services to a non-taxable person who is established in a Member State or has his permanent address or usually resides in a Member State, to use this special scheme. This scheme applies to all those services supplied within the Union.

##### Article 360

The taxable person not established within the Union shall state to the Member State of identification when he commences or ceases his activity as a taxable person, or changes that activity in such a way that he no longer meets the conditions necessary for use of this special scheme. He shall communicate that information electronically.

##### Article 361

1. The information which the taxable person not established within the Union must provide to the Member State of identification when he commences a taxable activity shall contain the following details:

- (a) name;
- (b) postal address;
- (c) electronic addresses, including websites;
- (d) national tax number, if any;
- (e) a statement that the person has not established his business in the territory of the Union and has no fixed establishment there

2. The taxable person not established within the Union shall notify the Member State of identification of any changes in the information provided.

##### Article 362

The Member State of identification shall allocate to the taxable person not established within the Union an individual VAT identification number for the application of this special scheme and shall notify him of that number by electronic means. On the basis of the information used for that identification, Member States of consumption may have recourse to their own identification systems.

##### Article 363

The Member State of identification shall delete the taxable person not established within the Union from the identification register in the following cases:

- (a) if he notifies that Member State that he no longer supplies services covered by this special scheme;
- (b) if it may otherwise be assumed that his taxable activities have ceased;
- (c) if he no longer meets the conditions necessary for use of this special scheme;

<sup>12</sup> Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 of the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

- (d) if he persistently fails to comply with the rules relating to this special scheme.

*Article 364*

The taxable person not established within the Union making use of this special scheme shall submit by electronic means to the Member State of identification a VAT return for each calendar quarter, whether or not services covered by this special scheme have been supplied. The VAT return shall be submitted by the end of the month following the end of the tax period covered by the return.

*Article 365*

The VAT return shall show the individual VAT identification number for the application of this special scheme and, for each Member State of consumption in which VAT is due, the total value, exclusive of VAT, of supplies of services covered by this special scheme carried out during the tax period and total amount per rate of the corresponding VAT. The applicable rates of VAT and the total VAT due must also be indicated on the return.

Where any amendments to the VAT return are required after its submission, such amendments shall be included in a subsequent return at the latest within three years of the date on which the initial return was required to be submitted pursuant to Article 364. That subsequent VAT return shall identify the relevant Member State of consumption, the tax period and the amount of VAT for which any amendments are required.

*Article 366*

1. The VAT return shall be made out in euro.

Member States which have not adopted the euro may require the VAT return to be made out in their national currency. If the supplies have been made in other currencies, the taxable person not established within the Union shall, for the purposes of completing the VAT return, use the exchange rate applying on the last day of the tax period.

2. The conversion shall be made by applying the exchange rates published by the European Central Bank for that day, or, if there is no publication on that day, on the next day of publication.

*Article 367*

The taxable person not established within the Union shall pay the VAT, making reference to the relevant VAT return, when submitting the VAT return, at the latest, however, at the expiry of the deadline by which the return must be submitted.

Payment shall be made to a bank account denominated in euro, designated by the Member State of identification. Member States which have not adopted the euro may require the payment to be made to a bank account denominated in their own currency.

*Article 368*

The taxable person not established within the Union making use of this special scheme may not deduct VAT pursuant to Article 168 of this Directive. Notwithstanding Article 1(1) of Directive 86/560/EEC, the taxable person in question shall be refunded in accordance with that Directive. Article 2(2) and (3) and Article 4(2) of Directive 86/560/EEC shall not apply to refunds relating to services covered by this special scheme.

If the taxable person making use of this special scheme is required to be registered in a Member State for activities not covered by this special scheme, he shall deduct VAT incurred in that Member State in respect of his taxable activities which are covered by this special scheme in the VAT return to be submitted pursuant to Article 250 of this Directive.

*Article 369*

1. The taxable person not established within the Union shall keep records of the transactions covered by this special scheme. Those records must be sufficiently detailed to enable the tax authorities of the Member State of consumption to verify that the VAT return is correct.

2. The records referred to in paragraph 1 must be made available electronically on request to the Member State of identification and to the Member State of consumption.

Those records must be kept for a period of ten years from the end of the year during which the transaction was carried out.

**Section 3**

**Special scheme for goods and services supplied by taxable persons not established in the Member State of taxation**

*Article 369a*

For the purposes of this Section, and without prejudice to other Union provisions, the following definitions shall apply:

- (1) 'taxable person not established in the Member State of taxation' means a taxable person who has established his business in the territory of the Union or has a fixed establishment there but has not established his business and has no fixed establishment within the territory of the Member State of taxation;
- (2) 'Member State of taxation' means the Member State in which the supply of goods or services is deemed to take place according to Chapters 1 and 3 of Title V;
- (3) 'taxable person not established within the Union' means a taxable person who has not established his business in the territory of the Union and who has no fixed establishment there;

(4) 'intermediary' means a person established in the Union appointed by the taxable person not established within the Union as the person liable for payment of the VAT and to fulfil the obligations laid down in this special scheme in the name and on behalf of that taxable person.

(5) 'Member State of identification' means the following:

(a) the Member State in the territory of which the taxable person has established his business or, if he has not established his business in the Union, where he has a fixed establishment;

(b) where a taxable person has not established his business in the Union, but has more than one fixed establishment therein, the Member State with a fixed establishment where that taxable person indicates that he will make use of this special scheme;

(c) where a taxable person is not established within the Union but has appointed an intermediary, the Member State in which that intermediary has established his business or if he has not established his business in the Union, where he has a fixed establishment;

(d) where a taxable person is not established within the Union but has appointed an intermediary who has established his business outside the Union but has one or more fixed establishments therein, the Member State with a fixed establishment where the intermediary indicates he will make use of this special scheme.

For the purposes of points (b) and (d), where the taxable person or an intermediary, as appropriate, has more than one fixed establishment in the Union he shall be bound by the decision to indicate the Member State of establishment for the calendar year concerned and the two calendar years following.

*Article 369b*

1. Member States shall permit the use of this special scheme for supplies of goods and services for which the person liable to pay the value added tax is either:

(a) a taxable person not established in the Member State of taxation;

(b) a taxable person not established within the Union who has appointed and mandated an intermediary.

This special scheme applies to all those goods or services supplied in the Union except for the distance sales of goods imported from third territories or third countries covered by the special scheme in Section 4 of this Chapter.

2. Taxable persons not established within the Union who are only supplying services to non-taxable persons

established or who have their permanent address or usually reside in a Member State and therefore can make use of the special scheme of Section 2 of this Chapter shall be excluded from the use of this scheme.

3. A taxable person not established within the Union cannot apply simultaneously this special scheme and the special scheme of Section 2 of this Chapter.

4. For the purposes of letter (b) of paragraph 1, a taxable person not established within the Union cannot appoint more than one intermediary at the same time.

*Article 369c*

A taxable person or the intermediary acting on his behalf shall state to the Member State of identification when he commences and ceases his taxable activities covered by this special scheme, or changes those activities in such a way that he no longer meets the conditions necessary to avail of this special scheme. He shall communicate that information electronically.

*Article 369ca*

1. The information which the intermediary must provide to the Member State of identification before he commences the use of this special scheme on behalf of a taxable person shall contain the following details :

- (a) name;
- (b) postal address;
- (c) electronic address;
- (d) VAT identification number.

2. The information which the intermediary must provide to the Member State of identification in respect of each taxable person which he represents before that taxable person commences the use of this special scheme shall contain the following details :

- (a) name;
- (b) postal address;
- (c) electronic address and websites;
- (d) VAT identification number or national tax number;
- (e) his individual identification number allocated in accordance with Article 369d(3).

3. Any taxable person making use of this special scheme or where applicable his intermediary shall notify the Member State of identification of any changes in the information provided.

*Article 369d*

1. A taxable person not established in the Member State of taxation making use of this special scheme shall, for the taxable transactions carried out under this scheme, be identified for VAT purposes in the Member State of identification only. For that purpose the Member State shall use the individual VAT identification number already allocated to the taxable person in respect of his obligations under the internal system.

2. On the basis of the information used for that identification, Member States of taxation may have recourse to their own identification systems.

3. The Member State of identification shall allocate to an intermediary an individual identification number and shall notify him of that number by electronic means.

4. The Member State of identification shall allocate an individual VAT identification number for the application of this special scheme to the intermediary in respect of each taxable person for which he is appointed.

*Article 369e*

The Member State of identification shall exclude a taxable person or his intermediary from the special scheme in any of the following cases:

- (a) if the taxable person notifies that he no longer carries out supplies of goods or services covered by this special scheme or if the intermediary notifies that the taxable person on behalf of whom he acts no longer carries out supplies of goods or services covered by this special scheme;
- (b) if it may otherwise be assumed that a taxable activities of a taxable person covered by this special scheme have ceased;
- (c) if a taxable person or his intermediary no longer meet the conditions necessary for use of this special scheme;
- (d) if a taxable person or his intermediary persistently fail to comply with the rules relating to this special scheme;
- (e) if the intermediary notifies the Member State of identification that he no longer represents this taxable person.

*Article 369f*

1. The taxable person making use of this special scheme or his intermediary shall submit by electronic means to the Member State of identification a VAT return for each calendar quarter, whether or not goods or services covered by this special scheme have been supplied. The VAT return shall be submitted by the end of the month following the end of the tax period covered by the return.

2. Where the Union annual turnover of a taxable person making use of this special scheme is above EUR 2 500 000, that taxable person or his intermediary shall submit to the Member State of identification a VAT return for each month by electronic means, whether or not goods or services covered by this special scheme have been supplied. The VAT return shall be submitted by the end of the month following the end of the tax period covered by the return.

3. For the purposes of paragraph 2 'Union annual turnover' means the total annual value of supplies of goods and services, exclusive of VAT, made by a taxable person within the territory of the Union.

4. When during a calendar year the threshold referred to in paragraph 2 is attained, the obligations set out in paragraph 2 shall apply from the subsequent calendar quarter.

*Article 369g*

1. The VAT return shall show the identification number referred to in Article 369d and, for each Member State of taxation in which VAT has become chargeable the following information:

- (a) the total value of the goods and services supplied, exclusive of VAT;
- (b) the relevant tax period;
- (c) the applicable rates of VAT;
- (d) the total amount per rate of the VAT that has become chargeable;
- (e) the total amount of VAT that has become chargeable on the supplies of goods and services;
- (f) the total amount of VAT that has become chargeable on supplies of goods and services for which the taxable person as recipient is liable to pay the tax or on the importation of goods where the Member State exercises the option under the second paragraph of Article 211;
- (g) the VAT for which deduction is made;
- (h) any amendments relating to previous tax periods as provided in paragraph 4 of this Article;
- (i) the net amount of the VAT to be paid or credited as appropriate.

2. Where, in the case of supplies of goods covered by this special scheme, goods are dispatched or transported from Member States other than the Member State of identification, the VAT return shall also include the total value of such supplies for each Member State where the goods are dispatched or transported from, together with the individual VAT identification number or the tax reference number allocated by each such Member State. The VAT return shall include this information for each Member State other than the Member State of identification, broken down by Member State of taxation.

3. Where the taxable person supplying services covered by this special scheme has one or more fixed establishments, other than that in the Member State of identification, from which the services are supplied, the VAT return shall also include the total value of such supplies, for each Member State in which he has an establishment, together with the individual VAT identification number or the tax reference number of this establishment, broken down by Member State of taxation.

4. Where any amendments to the VAT return are required after its submission, such amendments shall be included in a subsequent return at the latest within three years of the date on which the initial return was required to be submitted pursuant to Article 369f. That subsequent



VAT return shall identify the relevant Member State of taxation, the tax period and the amount of VAT for which any amendments are required.

*Article 369ga*

In case a taxable person carries out both transactions in respect of which VAT is deductible pursuant to Articles 168, 169 and 170 and transactions in respect of which VAT is not deductible, the deductible proportion of VAT shall be determined by the Member State of identification, in accordance with Articles 174 and 175, for all the transactions carried out by the taxable person.

In case a taxable person has several establishments in the EU from which he carries out both transactions in respect of which VAT is deductible pursuant to Articles 168, 169 and 170 and transactions in respect of which VAT is not deductible, the deductible proportion of VAT shall be determined by each Member State of establishment, in accordance with Articles 174 and 175, for all the transactions carried out by the taxable person from that establishment.

*Article 369h*

1. The VAT return shall be made out in euro.

Member States which have not adopted the euro may require the VAT return to be made out in their national currency. If the supplies have been made in other currencies, the taxable person making use of this special scheme shall, for the purposes of completing the VAT return, use the exchange rate applying on the last date of the tax period.

2. The conversion shall be made by applying the exchange rates published by the European Central Bank for that day, or, if there is no publication on that day, on the next day of publication.

*Article 369i*

The taxable person making use of this special scheme or his intermediary shall pay the sum of the net amounts of VAT to pay in each Member State of taxation, making reference to the relevant VAT return, at the latest at the expiry of the deadline by which the return must be submitted.

Payment shall be made to a bank account denominated in euro, designated by the Member State of identification. Member States which have not adopted the euro may require the payment to be made to a bank account denominated in their own currency.

*Article 369ia*

1. Where, for a given tax period, the amount of deductions exceeds the amount of VAT due in a Member State of taxation, the excess shall be carried forward to the following period.

2. The taxable person or his intermediary may request on the VAT return to the Member State of taxation a refund of excess VAT where either:

(a) the taxable person is in a credit position in the Member State of taxation during two consecutive tax periods of a calendar quarter for which VAT returns were submitted;

(b) the taxable person is in a credit position in the Member State of taxation during three consecutive tax periods of a month for which VAT returns were submitted.

*Article 369ib*

Where a taxable person not established in the Member State of taxation is in a credit position in the VAT return submitted in accordance with Article 250 in the Member State of identification that Member State shall consider the amount of VAT to be refunded in accordance with Article 183, as a payment made in accordance with Article 369i on the basis of a request from the taxable person.

*Article 369j*

When a taxable person making use of this special scheme does not make any supplies of goods and services covered by this special scheme for which VAT has become chargeable in a Member State of taxation in a given tax period, nor in the three preceding tax periods when he is submitting quarterly returns pursuant to Article 369f(1) or in the eleven preceding tax periods when he is submitting monthly returns pursuant to Article 369f(2), he may not deduct VAT incurred in that Member State of taxation in the VAT return submitted for that tax period. Notwithstanding Article 1(1) of Directive 86/560/EEC and Article 2(1) and Article 3 of Directive 2008/9/EC, VAT shall be refunded to the taxable person in question in accordance with those Directives.

*Article 369k*

1. The taxable person making use of this special scheme or his intermediary shall keep records of the transactions covered by this special scheme. Those records must be sufficiently detailed to enable the tax authorities of the Member State of taxation to verify that the VAT return is correct.

2. The records referred to in paragraph 1 must be made available electronically on request to the Member State of taxation and to the Member State of identification.

Those records must be kept for a period of 10 years from 31 December of the year during which the transaction was carried out.

**Section 4**

**Special scheme for distance sales of goods imported from third territories or third countries**

*Article 369l*

For the purposes of this Section, distance sales of goods imported from third territories or third countries shall only cover goods, except products subject to excise duty,

in consignments of an intrinsic value not exceeding EUR 150.

For the purposes of this Section, and without prejudice to other Union provisions, the following definitions shall apply:

- (1) 'taxable person not established within the Union' means a taxable person who has not established his business in the territory of the Union and who has no fixed establishment there;
- (2) 'intermediary' means a person established in the Union appointed by the taxable person carrying out distance sales of goods imported from third territories or third countries as the person liable for payment of the VAT and to fulfil the obligations laid down in this special scheme in the name and on behalf of the taxable person;
- (3) 'Member State of identification' means the following:
  - (a) where the taxable person is not established in the Union, the Member State in which he chooses to register;
  - (b) where the taxable person has established his business outside the Union but has one or more fixed establishments therein, the Member State with a fixed establishment where the taxable person indicates he will make use of this special scheme;
  - (c) where the taxable person has established his business in a Member State, that Member State;
  - (d) where the intermediary has established his business in a Member State, that Member State;
  - (e) where the intermediary has established his business outside the Union but has one or more fixed establishments therein, the Member State with a fixed establishment where the intermediary indicates he will make use of this special scheme;

For the purposes of points (b) and (e), where the taxable person or the intermediary has more than one fixed establishment in the Union he shall be bound by the decision to indicate the Member State of establishment for the calendar year concerned and the two calendar years following.

- (4) 'Member State of consumption' means the Member State where the dispatch or transport of the goods to the customer ends.

*Article 369m*

1. Member States shall permit the following taxable persons carrying out distance sales of goods imported from third territories or third countries to use this special scheme:

- (a) any taxable person established in the Union carrying out distance sales of goods imported from third territories or third countries;
- (b) any taxable person whether or not established in the Union carrying out distance sales of goods imported from third territories or third countries and who is represented by an intermediary established in the Union;
- (c) any taxable person established in a third country with which the Union has concluded an agreement on mutual assistance similar in scope to Council Directive 2010/24/EU and Regulation (EU) No 904/2010 and who is carrying out distance sales of goods from that third country.

Those taxable persons shall apply this special scheme to all their distance sales of goods imported from third territories or third countries.

2. For the purposes of point (b) of paragraph 1, any taxable person cannot appoint more than one intermediary at the same time.

3. The Commission shall adopt an implementing act establishing the list of third countries referred to in point (c) of paragraph 1 of this Article. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 5 of Regulation (EU) No 182/2011 and for this purpose the committee shall be the committee established by Article 58 of Regulation (EU) No 904/2010.

*Article 369n*

For distance sales of goods imported from third territories or third countries on which VAT is declared under this special scheme, the chargeable event shall occur and VAT shall become chargeable at the time of supply. The goods shall be regarded as having been supplied at the time when the payment has been accepted.

*Article 369o*

The taxable person making use of this special scheme or an intermediary acting on his behalf, shall state to the Member State of identification when he commences or ceases his activity under this special scheme, or changes that activity in such a way that he no longer meets the conditions necessary for use of this special scheme. That information shall be communicated electronically.

*Article 369p*

1 The information which the taxable person not making use of an intermediary must provide to the Member State of identification before he commences the use of this special scheme shall contain the following details:

- (a) name;
- (b) postal address;
- (c) electronic address and websites;
- (d) VAT identification number or national tax number.

2. The information which the intermediary must provide to the Member State of identification before he commences the use of this special scheme on behalf of a taxable person shall contain the following details :

- (a) name;
- (b) postal address;
- (c) electronic address;
- (d) VAT identification number.

3. The information which the intermediary must provide to the Member State of identification in respect of each taxable person which he represents before that taxable person commences the use of this special scheme shall contain the following details :

- (a) name;
- (b) postal address;
- (c) electronic address and websites;
- (d) VAT identification number or national tax number;
- (e) his individual identification number allocated in accordance with Article 369q(2a).

4. Any taxable person making use of this special scheme or where applicable his intermediary shall notify the Member State of identification of any changes in the information provided.

*Article 369q*

1. The Member State of identification shall allocate to the taxable person making use of this special scheme an individual VAT identification number for the application of this special scheme and shall notify him of that number by electronic means.

2. The Member State of identification shall allocate to an intermediary an individual identification number and shall notify him of that number by electronic means.

2a. The Member State of identification shall allocate an individual VAT identification number for the application of this special scheme to the intermediary in respect of each taxable person for which he is appointed.

3. The VAT identification number allocated under paragraphs 1, 2 and 3 shall be used only for the purposes of this special scheme.

*Article 369r*

1. The Member State of identification shall delete the taxable person not making use of an intermediary from the identification register in the following cases:

- (a) if he notifies the Member State of identification that he no longer carries out distance sales of goods imported from third territories or third countries;
- (b) if it may otherwise be assumed that his taxable activities of distance sales of goods imported from third territories or third countries have ceased;

- (c) if he no longer meets the conditions necessary for use of this special scheme;
- (d) if he persistently fails to comply with the rules relating to this special scheme.

2. The Member State of identification shall delete the intermediary from the identification register in the following cases:

- (a) if for a period of two consecutive calendar quarters he has not acted as an intermediary on behalf of a taxable person making use of this special scheme;
- (b) if he no longer meets the other conditions necessary for acting as an intermediary;
- (c) if he persistently fails to comply with the rules relating to this special scheme.

3. The Member State of identification shall delete the taxable person represented by an intermediary from the identification register in the following cases:

- (a) if the intermediary notifies the Member State of identification that this taxable person no longer carries out distance sales of goods imported from third territories or third countries;
- (b) if it may otherwise be assumed that the taxable activities of distance sales of goods imported from third territories or third countries of this taxable person have ceased;
- (c) if this taxable person no longer meets the conditions necessary for use of this special scheme;
- (d) if this taxable person persistently fails to comply with the rules relating to this special scheme;
- (e) if the intermediary notifies the Member State of identification that he no longer represents this taxable person.

*Article 369s*

The taxable person making use of this special scheme or his intermediary shall submit by electronic means to the Member State of identification a VAT return for each month, whether or not distance sales of goods imported from third territories or third countries have been carried out. The VAT return shall be submitted by the end of the month following the end of the tax period covered by the return.

Where a VAT return is to be submitted in accordance with the first paragraph, Member States shall not impose, for VAT purposes, any additional obligation or other formality upon importation.

*Article 369t*

1. The VAT return shall show the VAT identification number referred to in Article 369q and, for each Member State of consumption in which VAT is due, the total value, exclusive of VAT, of distance sales of goods imported from third territories or third countries for which VAT has become chargeable during the tax period and the total amount per rate of the corresponding VAT. The applicable

rates of VAT and the total VAT due must also be indicated on the return.

2. Where any amendments to the VAT return are required after its submission, such amendments shall be included in a subsequent return at the latest within three years of the date on which the initial return was required to be submitted pursuant to Article 369s. That subsequent VAT return shall identify the relevant Member State of consumption, the tax period and the amount of VAT for which any amendments are required.

*Article 369u*

1. The VAT return shall be made out in euro.

Member States which have not adopted the euro may require the VAT return to be made out in their national currency. If the supplies have been made in other currencies, the taxable person making use of this special scheme or his intermediary shall, for the purposes of completing the VAT return, use the exchange rate applying on the last date of the tax period.

2. The conversion shall be made by applying the exchange rates published by the European Central Bank for that day, or, if there is no publication on that day, on the next day of publication.

*Article 369v*

The taxable person making use of this special scheme or his intermediary shall pay the VAT, making reference to the relevant VAT return at the latest at the expiry of the deadline by which the return must be submitted.

Payment shall be made to a bank account denominated in euro, designated by the Member State of identification. Member States which have not adopted the euro may require the payment to be made to a bank account denominated in their own currency.

*Article 369w*

The taxable person making use of this special scheme may not, in respect of his taxable activities covered by this special scheme, deduct VAT incurred in the Member States of consumption pursuant to Article 168 of this Directive. Notwithstanding point (1) of Article 1 of Directive 86/560/EEC and point (1) of Article 2 and Article 3 of Directive 2008/9/EC, the taxable person in question shall be refunded in accordance with those Directives. Article 2(2) and (3) and Article 4(2) of Directive 86/560/EEC shall not apply to refunds relating to goods covered by this special scheme.

If the taxable person making use of this special scheme is required to be registered in a Member State for activities not covered by this special scheme, he shall deduct VAT incurred in that Member State in respect of his taxable activities which are covered by this special scheme in the VAT return to be submitted pursuant to Article 250.

*Article 369x*

1. The taxable person making use of this special scheme shall keep records of the transactions covered by

this special scheme. An intermediary shall keep records for each of the taxable persons he represents. Those records must be sufficiently detailed to enable the tax authorities of the Member State of consumption to verify that the VAT return is correct.

2. The records referred to in paragraph 1 must be made available electronically on request to the Member State of consumption and to the Member State of identification.

Those records must be kept for a period of ten years from the end of the year during which the transaction was carried out.'

CHAPTER 7

SPECIAL ARRANGEMENTS FOR DECLARATION AND PAYMENT OF IMPORT VAT

*Article 369y*

Where, for the importation of goods, except products subject to excise duties, in consignments of an intrinsic value not exceeding EUR 150, the special scheme in Section 4 of Chapter 6 is not used, the Member State of importation shall permit the person presenting the goods to customs on behalf of the person for whom the goods are destined within the territory of the Union to make use of special arrangements for declaration and payment of import VAT in respect of goods for which the dispatch or transport ends in that Member State.

*Article 369z*

1. For the purpose of this special arrangement, the following shall apply:

- (a) the person for whom the goods are destined shall be liable for the payment of the VAT;
- (b) the person presenting the goods to customs within the territory of the Union shall collect the VAT from the person for whom the goods are destined and effect the payment of such VAT.

2. Member States shall provide that the person presenting the goods to customs within the territory of the Union takes appropriate measures to ensure that the correct tax is paid by the person for whom the goods are destined.

*Article 369za*

[...] Member States may provide that the standard rate of VAT applicable in the Member State of importation is applicable when using this special arrangement.

*Article 369zb*

1. Member States shall allow that the VAT collected under this special arrangement be reported electronically in a monthly declaration. The declaration shall show the total VAT collected during the relevant calendar month.

2. Member States shall require that the VAT referred to in paragraph 1 is payable by the end of the month following the importation.

3. The persons making use of this special arrangement shall keep records of the transactions covered by this special arrangement for a period of time to be determined by the Member State of importation. Those records must be sufficiently detailed to enable the tax or customs authorities of the Member State of importation to verify that the VAT declared is correct and be made available electronically on request to the Member State of importation.

**CHAPTER 8  
EXCHANGE VALUES**

*Article 369zc*

1. The exchange value in national currency of the euro to be taken into consideration for the amount mentioned in Articles 369l and 369y be fixed once a year. The rates to be applied shall be those obtaining on the first working day in October and shall take effect on 1 January the following year.

2. Member States may round off the amount in national currency arrived at by converting the amounts in euro.

3. Member States may continue to apply the amount in force at the time of the annual adjustment provided for in paragraph 1, if conversion of the amount expressed in euro leads, before the rounding-off provided for in paragraph 2 to an alteration of less than 5% in the amount expressed in national currency or to a reduction in that amount.

**TITLE XIII  
DEROGATIONS**

**CHAPTER 1  
DEROGATIONS APPLYING UNTIL  
THE ADOPTION OF DEFINITIVE ARRANGEMENTS  
REGARDING SUPPLIES OF SERVICES**

**Section 1  
Derogations for States which were  
members of the European Union  
on 1 January 1978**

*Article 370*

Member States which, at 1 January 1978, taxed the transactions listed in Annex X, Part A, may continue to tax those transactions.

*Article 371*

Member States which, at 1 January 1978, exempted the transactions listed in Annex X, Part B, may continue to exempt those transactions, in accordance with the conditions applying in the Member State concerned on that date.

*Article 372*

[...]

*Article 373*

Member States which, at 1 January 1978, applied provisions derogating from Article 28 [...] may continue to apply those provisions.

*Article 374*

By way of derogation from Articles 169 and 309, Member States which, at 1 January 1978, exempted, without deductibility of the VAT paid at the preceding stage, the services of travel agents, as referred to in Article 309, may continue to exempt those services. That derogation shall apply also in respect of travel agents acting in the name and on behalf of the traveller.

**Section 2**

**Derogations for States which acceded to the  
European Union after 1 January 1978**

*Article 375*

Greece may continue to exempt the transactions listed in points (2), [...] (9), (11) and (12) of Annex X, Part B, in accordance with the conditions applying in that Member State on 1 January 1987.

*Article 376*

Spain may continue to exempt the supply of services performed by authors, listed in point (2) of Annex X, Part B, and the transactions listed in points (11) and (12) of Annex X, Part B, in accordance with the conditions applying in that Member State on 1 January 1993.

*Article 377*

Portugal may continue to exempt the transactions listed in points (2), (4), (7), (9), (10) and (13) of Annex X, Part B, in accordance with the conditions applying in that Member State on 1 January 1989.

*Article 378*

1. Austria may continue to tax the transactions listed in point (2) of Annex X, Part A.

2. For as long as the same exemptions are applied in any of the Member States which were members of the Community on 31 December 1994, Austria may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions:

- (a) the transactions listed in points (5) and (9) of Annex X, Part B;
- (b) with deductibility of the VAT paid at the preceding stage, all parts of international passenger transport operations, carried out by air, sea or inland waterway, other than passenger transport operations on Lake Constance.

*Article 379*

1. Finland may continue to tax the transactions listed in point (2) of Annex X, Part A, for as long as the same

transactions are taxed in any of the Member States which were members of the Community on 31 December 1994.

2. Finland may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the supply of services by authors, artists and performers, listed in point (2) of Annex X, Part B, and the transactions listed in points (5), (9) and (10) of Annex X, Part B, for as long as the same exemptions are applied in any of the Member States which were members of the Community on 31 December 1994.

*Article 380*

Sweden may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the supply of services by authors, artists and performers, listed in point (2) of Annex X, Part B, and the transactions listed in points (1), (9) and (10) of Annex X, Part B, for as long as the same exemptions are applied in any of the Member States which were members of the Community on 31 December 1994.

*Article 381*

The Czech Republic may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

*Article 382*

Estonia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

*Article 383*

Cyprus may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions:

- (a) the supply of building land referred to in point (9) of Annex X, Part B, until 31 December 2007;
- (b) the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

*Article 384*

For as long as the same exemptions are applied in any of the Member States which were members of the Community on 30 April 2004, Latvia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions:

- (a) the supply of services by authors, artists and performers, as referred to in point (2) of Annex X, Part B;
- (b) the international transport of passengers, as referred to in point (10) of Annex X, Part B.

*Article 385*

Lithuania may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

*Article 386*

Hungary may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

*Article 387*

For as long as the same exemptions are applied in any of the Member States which were members of the Community on 30 April 2004, Malta may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions:

- (a) [...]
- (b) without deductibility of the VAT paid at the preceding stage, the supply of buildings and building land, as referred to in point (9) of Annex X, Part B;
- (c) with deductibility of the VAT paid at the preceding stage, inland passenger transport, international passenger transport and domestic inter-island sea passenger transport, as referred to in point (10) of Annex X, Part B.

*Article 388*

Poland may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

*Article 389*

Slovenia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

*Article 390*

Slovakia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as

referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

*Article 390a*

Bulgaria may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 31 December 2006.

*Article 390b*

Romania may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 31 December 2006.

*Article 390c*

Croatia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions:

- (a) the supply of building land, with or without buildings built on it, as referred to in point (j) of Article 135(1) and in point (9) of Annex X, Part B, non-renewable, until 31 December 2014;
- (b) the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Union before the accession of Croatia.

**Section 3**

**Provisions common to Sections 1 and 2**

*Article 391*

Member States which exempt the transactions referred to in Articles 371, 375, 376 or 377, Article 378(2), Article 379(2) or Articles 380 to 390c may grant taxable persons the right to opt for taxation of those transactions.

*Article 392*

Member States may provide that, in respect of the supply of buildings and building land purchased for the purpose of resale by a taxable person for whom the VAT on the purchase was not deductible, the taxable amount shall be the difference between the selling price and the purchase price.

*Article 393*

[...]

**CHAPTER 2**

**DEROGATIONS SUBJECT TO AUTHORISATION**

**Section 1**

**Simplification measures and measures to prevent tax evasion or avoidance**

*Article 394*

Member States which, at 1 January 1977, applied special measures to simplify the procedure for collecting VAT or to prevent certain forms of tax evasion or avoidance may retain them provided that they have notified the Commission accordingly before 1 January 1978 and that such simplification measures comply with the criterion laid down in the second subparagraph of Article 395(1).

*Article 395*

1. The Council, acting unanimously on a proposal from the Commission, may authorise any Member State to introduce special measures for derogation from the provisions of this Directive, in order to simplify the procedure for collecting VAT or to prevent certain forms of tax evasion or avoidance.

Measures intended to simplify the procedure for collecting VAT may not, except to a negligible extent, affect the overall amount of the tax revenue of the Member State collected at the stage of final consumption.

2. A Member State wishing to introduce the measure referred to in paragraph 1 shall send an application to the Commission and provide it with all the necessary information. If the Commission considers that it does not have all the necessary information, it shall contact the Member State concerned within two months of receipt of the application and specify what additional information is required.

Once the Commission has all the information it considers necessary for appraisal of the request it shall within one month notify the requesting Member State accordingly and it shall transmit the request, in its original language, to the other Member States.

3. Within three months of giving the notification referred to in the second subparagraph of paragraph 2, the Commission shall present to the Council either an appropriate proposal or, should it object to the derogation requested, a communication setting out its objections.

4. The procedure laid down in paragraphs 2 and 3 shall, in any event, be completed within eight months of receipt of the application by the Commission.

5. In cases of imperative urgency as set out in Article 199b(1), the procedure laid down in paragraphs 2 and 3 shall be completed within six months of receipt of the application by the Commission.

**Section 2**  
**International agreements**

*Article 396*

1. The Council, acting unanimously on a proposal from the Commission, may authorise any Member State to conclude with a third country or an international body an agreement which may contain derogations from this Directive.

2. A Member State wishing to conclude an agreement as referred to in paragraph 1 shall send an application to the Commission and provide it with all the necessary information. If the Commission considers that it does not have all the necessary information, it shall contact the Member State concerned within two months of receipt of the application and specify what additional information is required.

Once the Commission has all the information it considers necessary for appraisal of the request it shall within one month notify the requesting Member State accordingly and it shall transmit the request, in its original language, to the other Member States.

3. Within three months of giving the notification referred to in the second subparagraph of paragraph 2, the Commission shall present to the Council either an appropriate proposal or, should it object to the derogation requested, a communication setting out its objections.

4. The procedure laid down in paragraphs 2 and 3 shall, in any event, be completed within eight months of receipt of the application by the Commission.

**TITLE XIV**  
**MISCELLANEOUS**

**CHAPTER 1**  
**IMPLEMENTING MEASURES**

*Article 397*

The Council, acting unanimously on a proposal from the Commission, shall adopt the measures necessary to implement this Directive.

**CHAPTER 2**  
**VAT COMMITTEE**

*Article 398*

1. An advisory committee on value added tax, called 'the VAT Committee', is set up.

2. The VAT Committee shall consist of representatives of the Member States and of the Commission.

The chairman of the Committee shall be a representative of the Commission.

Secretarial services for the Committee shall be provided by the Commission.

3. The VAT Committee shall adopt its own rules of procedure.

4. In addition to the points forming the subject of consultation pursuant to this Directive, the VAT Committee shall examine questions raised by its chairman, on his own initiative or at the request of the representative of a Member State, which concern the application of Union provisions on VAT.

**CHAPTER 3**  
**CONVERSION RATES**

*Article 399*

Without prejudice to any other particular provisions, the equivalents in national currency of the amounts in euro specified in this Directive shall be determined on the basis of the euro conversion rate applicable on 1 January 1999. Member States having acceded to the European Union after that date, which have not adopted the euro as single currency, shall use the euro conversion rate applicable on the date of their accession.

*Article 400*

When converting the amounts referred to in Article 399 into national currencies, Member States may adjust the amounts resulting from that conversion either upwards or downwards by up to 10%.

**CHAPTER 4**  
**OTHER TAXES, DUTIES**  
**AND CHARGES**

*Article 401*

Without prejudice to other provisions of Union law, this Directive shall not prevent a Member State from maintaining or introducing taxes on insurance contracts, taxes on betting and gambling, excise duties, stamp duties or, more generally, any taxes, duties or charges which cannot be characterised as turnover taxes, provided that the collecting of those taxes, duties or charges does not give rise, in trade between Member States, to formalities connected with the crossing of frontiers.

**TITLE XV**  
**FINAL PROVISIONS**

**CHAPTER 1**  
**DEFINITIVE ARRANGEMENTS FOR THE TAXATION**  
**OF TRADE BETWEEN MEMBER STATES**

*Article 402*

The arrangements provided for in this Directive for the taxation of services between Member States are transitional and shall be replaced by definitive arrangements based on the principle of taxation of services in the Member State of destination of the supply; of liability for VAT of the supplier, and of a single registration scheme for the declaration, payment and deduction of the tax.



*Article 403*

The Council shall, acting in accordance with Article 93 of the Treaty, adopt Directives appropriate for the purpose of supplementing the common system of VAT and, in particular, for the progressive restriction or the abolition of derogations from that system.

*Article 404*

Every four years starting from the adoption of this Directive, the Commission shall, on the basis of information obtained from the Member States, present a report to the European Parliament and to the Council on the operation of the common system of VAT in the Member States and, in particular, on the operation of the transitional arrangements for taxing trade between Member States. That report shall be accompanied, where appropriate, by proposals concerning the definitive arrangements.

**CHAPTER 2**  
**TRANSITIONAL MEASURES APPLICABLE**  
**IN THE CONTEXT OF ACCESSION**  
**TO THE EUROPEAN UNION**

*Article 405*

For the purposes of this Chapter, the following definitions shall apply:

- (1) 'Union' means the territory of the Union as defined in point (1) of Article 5 before the accession of new Member States;
- (2) 'new Member States' means the territory of the Member States which acceded to the Union after 1 January 1995, as defined for each of those Member States in point (2) of Article 5;
- (3) 'enlarged Union' means the territory of the Union as defined in point (1) of Article 5 after the accession of new Member States.

*Article 406*

The provisions in force at the time the goods were placed under temporary importation arrangements with total exemption from import duty or under one of the arrangements or situations referred to in Article 156, or under similar arrangements or situations in one of the new Member States, shall continue to apply until the goods cease to be covered by these arrangements or situations after the date of accession, where the following conditions are met:

- (a) the goods entered the Union or one of the new Member States before the date of accession;
- (b) the goods were placed, on entry into the Union or one of the new Member States, under these arrangements or situations;
- (c) the goods have not ceased to be covered by these arrangements or situations before the date of accession.

*Article 407*

The provisions in force at the time the goods were placed under customs transit arrangements shall continue to apply until the goods cease to be covered by these arrangements after the date of accession, where the following conditions are met:

- (a) the goods were placed, before the date of accession, under customs transit arrangements;
- (b) the goods have not ceased to be covered by these arrangements before the date of accession.

*Article 408*

1. The following shall be treated as an importation of goods where it is shown that the goods were in free circulation in one of the new Member States or in the Union:

- (a) the removal, including irregular removal, of goods from temporary importation arrangements under which they were placed before the date of accession under the conditions provided for in Article 406;
- (b) the removal, including irregular removal, of goods either from one of the arrangements or situations referred to in Article 156 or from similar arrangements or situations under which they were placed before the date of accession under the conditions provided for in Article 406;
- (c) the cessation of one of the arrangements referred to in Article 407, started before the date of accession in the territory of one of the new Member States, for the purposes of a supply of goods for consideration effected before that date in the territory of that Member State by a taxable person acting as such;
- (d) any irregularity or offence committed during customs transit arrangements started under the conditions referred to in point (c).

2. In addition to the case referred to in paragraph 1, the use after the date of accession within the territory of a Member State, by a taxable or non-taxable person, of goods supplied to him before the date of accession within the territory of the Union or one of the new Member States shall be treated as an importation of goods where the following conditions are met:

- (a) the supply of those goods has been exempted, or was likely to be exempted, either under points (a) and (b) of Article 146(1) or under a similar provision in the new Member States;
- (b) the goods were not imported into one of the new Member States or into the Union before the date of accession.

*Article 409*

In the cases referred to in Article 408(1), the place of import within the meaning of Article 61 shall be the Member State within whose territory the goods cease to

be covered by the arrangements or situations under which they were placed before the date of accession.

*Article 410*

1. By way of derogation from Article 71, the importation of goods within the meaning of Article 408 shall terminate without the occurrence of a chargeable event if one of the following conditions is met:

- (a) the imported goods are dispatched or transported outside the enlarged Union;
- (b) the imported goods within the meaning of Article 408(1)(a) are other than means of transport and are redispached or transported to the Member State from which they were exported and to the person who exported them;
- (c) the imported goods within the meaning of Article 408(1)(a) are means of transport which were acquired or imported before the date of accession in accordance with the general conditions of taxation in force on the domestic market of one of the new Member States or of one of the Member States of the Union or which have not been subject, by reason of their exportation, to any exemption from, or refund of, VAT.

2. The condition referred to in paragraph 1(c) shall be deemed to be fulfilled in the following cases:

- (a) when the date of first entry into service of the means of transport was more than eight years before the accession to the European Union.
- (b) when the amount of tax due by reason of the importation is insignificant.

**CHAPTER 2A  
TRANSITIONAL MEASURES FOR THE APPLICATION  
OF NEW LEGISLATION**

*Article 410a*

Articles 30a, 30b and 73a shall apply only to vouchers issued after 31 December 2018.

*Article 410b*

By 31 December 2022 at the latest, the Commission shall, on the basis of information obtained from the Member States, present to the European Parliament and to the Council an assessment report on the application of the provisions of this Directive as regards the VAT treatment of vouchers, with particular regard to the definition of vouchers, the VAT rules relating to taxation of vouchers in the distribution chain and to non-redeemed vouchers, accompanied where necessary by an appropriate proposal to amend the relevant rules.

**CHAPTER 3  
TRANSPOSITION AND ENTRY INTO FORCE**

*Article 411*

1. Directive 67/227/EEC and Directive 77/388/EEC are repealed, without prejudice to the obligations of the Member States concerning the time-limits, listed in Annex XI, Part B, for the transposition into national law and the implementation of those Directives.

2. References to the repealed Directives shall be construed as references to this Directive and shall be read in accordance with the correlation table in Annex XII.

*Article 412*

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 2(3), Article 44, Article 59(1), Article 399 and Annex III, point (18) with effect from 1 January 2008. They shall forthwith communicate to the Commission the text of those provisions and a correlation table between those provisions and this Directive.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

*Article 413*

This Directive shall enter into force on 1 January 2007.

*Article 414*

This Directive is addressed to the Member States.

*Done at Brussels, 28 November 2006.*

*For the Council*

*The President*

Eero HEINÄLUOMA

ANNEX I  
LIST OF THE ACTIVITIES REFERRED TO IN THE  
THIRD SUBPARAGRAPH OF ARTICLE 13(1)

- (1) Telecommunications services;
- (2) supply of water, gas, electricity and thermal energy;
- (3) transport of goods;
- (4) port and airport services;
- (5) passenger transport;
- (6) supply of new goods manufactured for sale;
- (7) transactions in respect of agricultural products, carried out by agricultural intervention agencies pursuant to Regulations on the common organisation of the market in those products;
- (8) organisation of trade fairs and exhibitions;
- (9) warehousing;
- (10) activities of commercial publicity bodies;
- (11) activities of travel agents;
- (12) running of staff shops, cooperatives and industrial canteens and similar institutions;
- (13) activities carried out by radio and television bodies in so far as these are not exempt pursuant to Article 132(1)(q).

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**ANNEX II**  
**INDICATIVE LIST OF THE ELECTRONICALLY SUPPLIED SERVICES**  
**REFERRED TO IN POINT (C) OF THE FIRST PARAGRAPH OF ARTICLE 58**

- (1) Website supply, web-hosting, distance maintenance of programmes and equipment;
  - (2) supply of software and updating thereof;
  - (3) supply of images, text and information and making available of databases;
  - (4) supply of music, films and games, including games of chance and gambling games, and of political, cultural, artistic, sporting, scientific and entertainment broadcasts and events;
  - (5) supply of distance teaching.
-

**ANNEX III**  
**LIST OF SUPPLIES OF GOODS AND SERVICES TO WHICH**  
**THE REDUCED RATES REFERRED TO IN ARTICLE 98 MAY BE APPLIED**

- (1) Foodstuffs (including beverages but excluding alcoholic beverages) for human and animal consumption; live animals, seeds, plants and ingredients normally intended for use in the preparation of foodstuffs; products normally used to supplement foodstuffs or as a substitute for foodstuffs;
- (2) supply of water;
- (3) pharmaceutical products of a kind normally used for health care, prevention of illnesses and as treatment for medical and veterinary purposes, including products used for contraception and sanitary protection;
- (4) medical equipment, aids and other appliances normally intended to alleviate or treat disability, for the exclusive personal use of the disabled, including the repair of such goods, and supply of children's car seats;
- (5) transport of passengers and their accompanying luggage;
- (6) supply, including on loan by libraries, of books on all physical means of support (including brochures, leaflets and similar printed matter, children's picture, drawing or colouring books, music printed or in manuscript form, maps and hydro-graphic or similar charts), newspapers and periodicals, other than material wholly or predominantly devoted to advertising;
- (7) admission to shows, theatres, circuses, fairs, amusement parks, concerts, museums, zoos, cinemas, exhibitions and similar cultural events and facilities;
- (8) reception of radio and television broadcasting services;
- (9) supply of services by writers, composers and performing artists, or of the royalties due to them;
- (10) provision, construction, renovation and alteration of housing, as part of a social policy;
- (10a) renovation and repairing of private dwellings, excluding materials which account for a significant part of the value of the service supplied;
- (10b) window-cleaning and cleaning in private households;
- (11) supply of goods and services of a kind normally intended for use in agricultural production but excluding capital goods such as machinery or buildings;
- (12) accommodation provided in hotels and similar establishments, including the provision of holiday accommodation and the letting of places on camping or caravan sites;
- (12a) restaurant and catering services, it being possible to exclude the supply of (alcoholic and/or non-alcoholic) beverages;
- (13) admission to sporting events;
- (14) use of sporting facilities;
- (15) supply of goods and services by organisations recognised as being devoted to social wellbeing by Member States and engaged in welfare or social security work, in so far as those transactions are not exempt pursuant to Articles 132, 135 and 136;
- (16) supply of services by undertakers and cremation services, and the supply of goods related thereto;
- (17) provision of medical and dental care and thermal treatment in so far as those services are not exempt pursuant to points (b) to (e) of Article 132(1);
- (18) supply of services provided in connection with street cleaning, refuse collection and waste treatment, other than the supply of such services by bodies referred to in Article 13;
- (19) minor repairing of bicycles, shoes and leather goods, clothing and household linen (including mending and alteration);
- (20) domestic care services such as home help and care of young, elderly, sick or disabled;
- (21) hairdressing.



ANNEX IV  
LIST OF THE SERVICES REFERRED TO IN ARTICLE 106

[...]

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ANNEX V  
 CATEGORIES OF GOODS COVERED BY WAREHOUSING  
 ARRANGEMENTS OTHER THAN CUSTOMS WAREHOUSING  
 AS PROVIDED FOR UNDER ARTICLE 160(2)

CN-code	Description of goods
(1) 0701	Potatoes
(2) 0711 20	Olives
(3) 0801	Coconuts, Brazil nuts and cashew nuts
(4) 0802	Other nuts
(5) 0901 11 00 0901 12 00	Coffee, not roasted
(6) 0902	Tea
(7) 1001 to 1005 1007 to 1008	Cereals
(8) 1006	Husked rice
(9) 1201 to 1207	Grains and oil seeds (including soya beans) and oleaginous fruits
(10) 1507 to 1515	Vegetable oils and fats and their fractions, whether or not refined, but not chemically modified
(11) 1701 11 1701 12	Raw sugar
(12) 1801	Cocoa beans, whole or broken, raw or roasted
(13) 2709 2710 2711 12 2711 13	Mineral oils (including propane and butane; also including crude petroleum oils)
(14) Chapters 28 and 29	Chemicals in bulk
(15) 4001 4002	Rubber, in primary forms or in plates, sheets or strip
(16) 5101	Wool
(17) 7106	Silver
(18) 7110 11 00 7110 21 00 7110 31 00	Platinum (palladium, rhodium)
(19) 7402 7403 7405 7408	Copper



(20)	7502	Nickel
(21)	7601	Aluminium
(22)	7801	Lead
(23)	7901	Zinc
(24)	8001	Tin
(25)	ex 8112 92 ex 8112 99	Indium

ANNEX VI  
LIST OF SUPPLIES OF GOODS AND SERVICES AS REFERRED  
TO IN POINT (D) OF ARTICLE 199(1)

- (1) Supply of ferrous and non ferrous waste, scrap, and used materials including that of semi-finished products resulting from the processing, manufacturing or melting down of ferrous and non-ferrous metals and their alloys;
  - (2) supply of ferrous and non-ferrous semi-processed products and certain associated processing services;
  - (3) supply of residues and other recyclable materials consisting of ferrous and non-ferrous metals, their alloys, slag, ash, scale and industrial residues containing metals or their alloys and supply of selection, cutting, fragmenting and pressing services of these products;
  - (4) supply of, and certain processing services relating to, ferrous and non-ferrous waste as well as parings, scrap, waste and used and recyclable material consisting of cullet, glass, paper, paperboard and board, rags, bone, leather, imitation leather, parchment, raw hides and skins, tendons and sinews, twine, cordage, rope, cables, rubber and plastic;
  - (5) supply of the materials referred to in this annex after processing in the form of cleaning, polishing, selection, cutting, fragmenting, pressing or casting into ingots;
  - (6) supply of scrap and waste from the working of base materials.
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ANNEX VII  
LIST OF THE AGRICULTURAL PRODUCTION ACTIVITIES  
REFERRED TO IN POINT (4) OF ARTICLE 295(1)

- (1) Crop production:
    - (a) general agriculture, including viticulture;
    - (b) growing of fruit (including olives) and of vegetables, flowers and ornamental plants, both in the open and under glass;
    - (c) production of mushrooms, spices, seeds and propagating materials;
    - (d) running of nurseries;
  - (2) stock farming together with cultivation:
    - (a) general stock farming;
    - (b) poultry farming;
    - (c) rabbit farming;
    - (d) beekeeping;
    - (e) silkworm farming;
    - (f) snail farming;
  - (3) forestry;
  - (4) fisheries:
    - (a) freshwater fishing;
    - (b) fish farming;
    - (c) breeding of mussels, oysters and other molluscs and crustaceans;
    - (d) frog farming.
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**ANNEX VIII**  
**INDICATIVE LIST OF THE AGRICULTURAL SERVICES**  
**REFERRED TO IN POINT (5) OF ARTICLE 295(1)**

- (1) Field work, reaping and mowing, threshing, baling, collecting, harvesting, sowing and planting;
  - (2) packing and preparation for market, such as drying, cleaning, grinding, disinfecting and ensilage of agricultural products;
  - (3) storage of agricultural products;
  - (4) stock minding, rearing and fattening;
  - (5) hiring out, for agricultural purposes, of equipment normally used in agricultural, forestry or fisheries undertakings;
  - (6) technical assistance;
  - (7) destruction of weeds and pests, dusting and spraying of crops and land;
  - (8) operation of irrigation and drainage equipment;
  - (9) lopping, tree felling and other forestry services.
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**ANNEX IX**  
**WORKS OF ART, COLLECTORS' ITEMS AND ANTIQUES,**  
**AS REFERRED TO IN POINTS (2), (3) AND (4) OF ARTICLE 311(1)**

**Part A**  
**Works of art**

- (1) Pictures, collages and similar decorative plaques, paintings and drawings, executed entirely by hand by the artist, other than plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, hand decorated manufactured articles, theatrical scenery, studio back cloths or the like of painted canvas (CN code 9701);
- (2) original engravings, prints and lithographs, being impressions produced in limited numbers directly in black and white or in colour of one or of several plates executed entirely by hand by the artist, irrespective of the process or of the material employed, but not including any mechanical or photomechanical process (CN code 9702 00 00);
- (3) original sculptures and statuary, in any material, provided that they are executed entirely by the artist; sculpture casts the production of which is limited to eight copies and supervised by the artist or his successors in title (CN code 9703 00 00); on an exceptional basis, in cases determined by the Member States, the limit of eight copies may be exceeded for statuary casts produced before 1 January 1989;
- 4) tapestries (CN code 5805 00 00) and wall textiles (CN code 6304 00 00) made by hand from original designs provided by artists, provided that there are not more than eight copies of each;
- (5) individual pieces of ceramics executed entirely by the artist and signed by him;
- (6) enamels on copper, executed entirely by hand, limited to eight numbered copies bearing the signature of the artist or the studio, excluding articles of jewellery and goldsmiths' and silversmiths' wares;
- (7) photographs taken by the artist, printed by him or under his supervision, signed and numbered and limited to 30 copies, all sizes and mounts included.

**Part B**  
**Collectors' items**

- (1) Postage or revenue stamps, postmarks, first day covers, pre-stamped stationery and the like, used, or if unused not current and not intended to be current (CN code 9704 00 00);
- (2) collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest (CN code 9705 00 00).

**Part C**  
**Antiques**

Goods, other than works of art or collectors' items, which are more than 100 years old (CN code 9706 00 00).

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**ANNEX X**  
**LIST OF TRANSACTIONS COVERED BY THE DEROGATIONS**  
**REFERRED TO IN ARTICLES 370 AND 371 AND ARTICLES 375 TO 390C**

**Part A**

**Transactions which Member States may continue to tax**

- (1) The supply of services by dental technicians [...];
- (2) the activities of public radio and television bodies other than those of a commercial nature;
- (3) the supply of a building, or parts thereof, or of the land on which it stands, other than as referred to in point (a) of Article 12(1), where carried out by taxable persons who were entitled to deduction of the VAT paid at the preceding stage in respect of the building concerned;
- (4) the supply of the services of travel agents, as referred to in Article 306, and those of travel agents acting in the name and on behalf of the traveller, in relation to journeys outside the Union.

**Part B**

**Transactions which Member States may continue to exempt**

- (1) Admission to sporting events;
- (2) the supply of services by authors, artists, performers, lawyers and other members of the liberal professions, other than the medical and paramedical professions, with the exception of the following:
  - (a) assignments of patents, trade marks and other similar rights, and the granting of licences in respect of such rights;
  - (b) work, other than the supply of contract work, on movable tangible property, carried out for a taxable person;
  - (c) services to prepare or coordinate the carrying out of construction work, such as services provided by architects and by firms providing on site supervision of works;
  - (d) commercial advertising services;
  - (e) transport and storage of goods, and ancillary services;
  - (f) hiring out of movable tangible property to a taxable person;
  - (g) provision of staff to a taxable person;
  - (h) provision of services by consultants, engineers, planning offices and similar services in scientific, economic or technical fields;
  - (i) compliance with an obligation to refrain from exercising, in whole or in part, a business activity or a right covered by points (a) to (h) or point (j);
  - (j) the services of forwarding agents, brokers, business agents and other independent intermediaries, in so far as they relate to the supply or importation of goods or the supply of services covered by points (a) to (i);
- (3) the supply of telecommunications services, and ancillary goods, by public postal services;
- (4) the supply of services by undertakers and cremation services and the supply of ancillary goods;
- (5) the supply of services carried out by blind persons or by workshops for the blind, provided that those exemptions do not cause significant distortion of competition;
- (6) the supply of [...] services to official bodies responsible for the construction, setting out and maintenance of cemeteries, graves and monuments commemorating the war dead;
- (7) transactions carried out by hospitals not covered by point (b) of Article 132(1);
- (8) [...]
- (9) the supply before first occupation of a building, or parts thereof, or of the land on which it stands and the supply of building land, as referred to in Article 12;
- (10) the transport of passengers and, in so far as the transport of the passengers is exempt, the transport of goods accompanying them, such as luggage or motor vehicles, or the supply of services relating to the transport of passengers;

- (11) the supply of services that consist in the modification, repair, maintenance, chartering and hiring of aircraft used by State institutions, including equipment incorporated or used in such aircraft;
  - (12) the supply of services that consist in the modification, repair, maintenance, chartering and hiring of fighting ships;
  - (13) the supply of the services of travel agents, as referred to in Article 306, and those of travel agents acting in the name and on behalf of the traveller, in relation to journeys within the European Union.
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ANNEXES XI AND XII

[left out]