



**2018/0005(CNS)**

23.2.2022

**\***

## **DRAFT REPORT**

on the draft Council directive amending Directive 2006/112/EC as regards  
rates of value added tax  
(14754/2021 – C9-0456/2021 – 2018/0005(CNS))

Committee on Economic and Monetary Affairs

Rapporteur: Marek Belka

(Renewed consultation – Rule 84 of the Rules of Procedure)

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION .....	5
EXPLANATORY STATEMENT .....	6



## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the draft Council directive amending Directive 2006/112/EC as regards rates of value added tax  
(14754/2021 – C9-0456/2021 – 2018/0005(CNS))**

**(Special legislative procedure – renewed consultation)**

*The European Parliament,*

- having regard to the Council draft (14754/2021),
  - having regard to the Commission proposal to the Council (COM(2018)0020),
  - having regard to its position of 3 October 2018<sup>1</sup>,
  - having regard to Article 113 of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament again (C9-0456/2021),
  - having regard to Rules 82 and 84 of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs (A9-0000/2022),
1. Approves the Council draft;
  2. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
  3. Asks the Council to consult Parliament again if it intends to substantially amend the text approved by Parliament;
  4. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

---

<sup>1</sup> Not yet published in the Official Journal.

## EXPLANATORY STATEMENT

On 5 February 2018, the Council consulted the Parliament on a proposal for a Council Directive amending Directive 2006/112/EC as regards rates of value added tax issued by the Commission on 18 January 2018<sup>1</sup>.

The Parliament delivered its opinion on 3 October 2018<sup>2</sup>.

On 7 December 2021, the Council reached an agreement as regards rates of value added tax (VAT)<sup>3</sup>.

However, given fundamental differences between the 18 January 2018 text of the Commission on which the Parliament was initially consulted and the text unanimously agreed in Council, the latter decided to re-consult the Parliament.

According to the agreed text by the Council, existing derogations that allowed some Member States to apply preferential VAT rates for certain products are now opened to all Member States.

The list of goods and services for which reduced VAT rates are allowed is strongly extended (e.g. the Annex III to Directive 2006/112/EC). However, to prevent a proliferation of reduced rates, the Council decided to limit the number of items to which reduced rates could be applied.

Phase-out periods are introduced for existing reduced rates applied to products having a detrimental impact on the environment. Reduced rates or exemptions on fossil fuel, other goods with similar impact on greenhouse gas emissions, such as peat and wood used for firewood, shall cease to be applied by 1 January 2030, and on chemical pesticides and chemical fertilisers shall cease by 1 January 2032.

In its letter requesting re-consultation, the Council is asking the Parliament to deliver its opinion as soon as possible and by 15 March 2022 at the latest.

The text agreed in the Council, although not fully in line with the EP opinion, takes some crucial elements proposed by the European Parliament into account. Notably, it underlines that it should be possible for Member States to accommodate local conditions, preferences and traditions or choose a simple and uniform tax rate, while avoiding using reduced VAT rates for harmful or luxury products.

Overall, the deal struck by the Council on this delicate subject is not only a step in the right direction towards using taxation to build a greener Europe. It also maintains the flexibility for Member States to lower VAT on essential products to benefit low-income households and, as

---

<sup>1</sup> [18.1.2018 COM\(2018\) 20](#) Proposal for a COUNCIL DIRECTIVE amending Directive 2006/112/EC as regards rates of value added tax.

<sup>2</sup> [Draft European Parliament Legislative Resolution on the proposal for a Council directive amending Directive 2006/112/EC as regards rates of value added tax](#)

<sup>3</sup> Draft Council Directive amending Directive 2006/112/EC as regards rates of value added tax which was agreed at the meeting of the Council (Economic and Financial Affairs) of 7 December 2021 [14754/21](#).

such, tackle the regressiveness of the VAT system.

However, there is urgency to move to a definitive VAT system based on the principle of taxation in the country of destination.

Therefore the Council should adopt quickly the COM(2018) 329 amending Directive 2006/112/EC as regards the introduction of the detailed technical measures for the operation of the definitive VAT system for the taxation of trade between Member States.

Taking into account the time needed to transpose the Directive in Member States' legislation and the high political unity to speed up its adoption, your rapporteur proposes that Parliament approves the proposal without amendments pursuant to a simplified procedure without amendments (rule 52).