

VAT: Council agrees short-term fixes, pending overhaul

On 2 October 2018, the Council agreed on four adjustments to the EU's current VAT rules to **fix specific issues**.

Pending introduction of the new VAT system, four **short-term** 'quick fixes' will be made regarding the VAT aspects of trade between the member states. Discussions are ongoing on a definitive VAT system to replace the current 'transitional' VAT arrangements, which have been applied since 1993.

"This package of proposals is aimed at fixing some of the practical problems we are experiencing with the current VAT rules", said Hartwig Löger, minister for finance of Austria, which currently holds the Council presidency. "At the same time, it is of high practical relevance for our businesses who will benefit from the harmonised rules."

The Council agreed on the four 'quick fixes' initially presented by the Commission:

- **call-off stock**. The proposals provide for a simplified and uniform treatment for call-off stock arrangements, where a vendor transfers stock to a warehouse at the disposal of a known acquirer in another member state;
- the VAT **identification number**. To benefit from a VAT exemption for the intra-EU supply of goods, the identification number of the customer will become an additional condition;
- **chain transactions**. To enhance legal certainty in determining the VAT treatment of chain transactions, the proposals establish uniform criteria;
- proof of **intra-EU supply**. A common framework is proposed for the documentary evidence required to claim a VAT exemption for intra-EU supplies.

These adjustments will apply from 1 January 2020.

Next steps

Agreement was reached at a meeting of the Economic and Financial Affairs Council. The Council is expected to adopt the directive once the European Parliament has given its opinion.

The Council needs unanimity to adopt the proposals, after consulting the European Parliament. (Legal basis: article 113 of the Treaty on the Functioning of the European Union and article 397 of regulation 282/2011.)

- [Text of agreed VAT "quick fix" package](#)

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