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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL IMPLEMENTING DECISION authorising Hungary to introduce a special measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax

COUNCIL IMPLEMENTING DECISION (EU) 2018/...

of ...

**authorising Hungary to introduce a special measure
derogating from Article 287 of Directive 2006/112/EC
on the common system of value added tax**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax¹, and in particular the first subparagraph of Article 395(1) thereof,

Having regard to the proposal from the European Commission,

¹ OJ L 347, 11.12.2006, p. 1.

Whereas:

- (1) Pursuant to point (12) of Article 287 of Directive 2006/112/EC, Hungary may exempt from value added tax (VAT) taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 35 000 at the conversion rate on the day of its accession.
- (2) By letter registered with the Commission on 13 November 2017, Hungary requested an authorisation to introduce a special measure derogating from point (12) of Article 287 of Directive 2006/112/EC in order to increase the exemption threshold to EUR 48 000. Through that special measure, those taxable persons would be exempt from certain or all of the obligations in relation to VAT referred to in Chapters 2 to 6 of Title XI of Directive 2006/112/EC.
- (3) A higher threshold for the special scheme for small enterprises set out in Articles 281 to 294 of Directive 2006/112/EC is a simplification measure, as it may significantly reduce the VAT obligations of small enterprises.
- (4) In accordance with the second subparagraph of Article 395(2) of Directive 2006/112/EC, by letters dated 6 February 2018, the Commission transmitted the request made by Hungary to other Member States. By letter dated 7 February 2018, the Commission notified Hungary that it had all the information necessary to consider the request.

- (5) The requested special measure is in line with the policy objectives of the Commission Communication of 25 June 2008 entitled 'Think Small First' – A 'Small Business Act' for Europe.
- (6) Given that the increased threshold would result in reduced VAT obligations and thus a reduction in the administrative burden and compliance costs for small enterprises, Hungary should be authorised to apply the special measure for a limited period. The special scheme for small enterprises is optional, so taxable persons would still be able to opt for the normal VAT arrangements.
- (7) As Articles 281 to 294 of Directive 2006/112/EC governing the special scheme for small enterprises are subject to review, it is possible that a directive amending those Articles enters into force setting a date from which Member States are to apply national provisions before the period of validity of the derogation expires on 31 December 2021. If that happens, this Decision should cease to apply.

- (8) Based on information provided by Hungary, the special measure will only have a negligible impact on the overall amount of the tax revenue that Hungary collects at the stage of final consumption.
- (9) The special measure has no impact on the Union's own resources accruing from VAT because Hungary will carry out a compensation calculation in accordance with Article 6 of Council Regulation (EEC, Euratom) No 1553/89¹,

HAS ADOPTED THIS DECISION:

¹ Council Regulation (EEC, Euratom) No 1553/89 of 29 May 1989 on the definitive uniform arrangements for the collection of own resources accruing from value added tax (OJ L 155, 7.6.1989, p. 9).

Article 1

By way of derogation from point (12) of Article 287 of Directive 2006/112/EC, Hungary is authorised to exempt from VAT taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 48 000 at the conversion rate on the day of its accession.

Article 2

This Decision shall take effect on the date of its notification.

This Decision shall apply from 1 January 2019 until the earlier of the following two dates:

- (a) 31 December 2021;
- (b) the date from which Member States are to apply any national provisions that they are required to adopt in the event that a directive is adopted amending Articles 281 to 294 of Directive 2006/112/EC governing the special scheme for small enterprises.

Article 3

This Decision is addressed to Hungary.

Done at Brussels,

For the Council

The President
