



Council of the European Union  
General Secretariat

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## **WORKING DOCUMENT**

From:	Presidency
To:	Working Party on Tax Questions (Indirect Taxation – VAT)
N° Cion doc.:	ST 12079 2024 INIT
Subject:	Directive on an electronic VAT exemption certificate - Revised Presidency compromise text

Delegations will find attached the revised Presidency compromise text with one additional change, namely in Article 151, paragraph 1a, second subparagraph. In the box below with the Presidency note, the last sentence is added to provide an explanation.

Draft

## COUNCIL DIRECTIVE

### **amending Directive 2006/112/EC as regards the electronic value added tax exemption certificate**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 113 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Parliament<sup>1</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Acting in accordance with a special legislative procedure,

Whereas:

- (1) Article 51 of Council Implementing Regulation (EU) No 282/2011<sup>3</sup> provides that the value added tax (VAT) and/or excise duty exemption certificate set out in Annex II to that Implementing Regulation serves to confirm that a supply of goods or services made to an eligible body or individual qualifies for an exemption under Article 151 of Council Directive 2006/112/EC<sup>4</sup>. Implementing Regulation (EU) No 282/2011 provides for an exemption certificate in paper form to be signed by hand. It is necessary to digitalise the process of creating and submitting the exemption certificate and to replace the paper document with a document in electronic format in order to minimise bureaucracy and the administrative burden and to reduce costs in the long term. The data content of the electronic certificate should be based on the paper form of the exemption certificate provided for in Council Implementing Regulation (EU) No 282/2011.
- (2) In view of the large number of resource-intensive IT projects in which Member States are involved, in addition to that required to switch to an electronic exemption certificate, Member States should be given flexibility and sufficient time to complete the transition to the new electronic procedure. To this end, they should be allowed to continue to use the paper form set out in Annex II to Implementing Regulation (EU) No 282/2011 for transactions carried out during a transitional period.

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<sup>1</sup> OJ C , , p. .

<sup>2</sup> OJ C , , p. .

<sup>3</sup> Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (OJ L 77, 23.3.2011, p. 1, ELI: [http://data.europa.eu/eli/reg\\_impl/2011/282/oj](http://data.europa.eu/eli/reg_impl/2011/282/oj)).

<sup>4</sup> Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1, ELI: <http://data.europa.eu/eli/dir/2006/112/oj>).

- (2a) The use of a common electronic certificate is essential for cross-border transactions. In some specific cases concerning domestic transactions **where the VAT should be charged in the Member State hosting the body or individual eligible for exemption,** exemptions can also be granted by means of a refund. Such procedure may or may not involve the issuance of a certificate. In light of the specificities related to the use or non-use of certificates in the framework of the refund procedures, the scope of the obligation to use the electronic certificate should not be extended automatically to refund procedures. Member States should nevertheless benefit from the possibility to use this common electronic certificate in cases in refund procedures where relevant.

***Presidency note***

*The cases where the exemption is provided by means of a refund can include also cross-border supplies of goods and services, where the place of supply of those transactions is in a Member State different from where the goods are dispatched or transported from (intra-Community distance sales of goods) or where the supplier is established. In these cases the supplier either has to register in the Member State of supply or use the OSS and charge the VAT of the MS of place of supply. These are cases that could be seen as being equivalent to purely domestic supplies. Therefore the Presidency is of the view that it is justified to treat these cases regarding the use or non-use of electronic certificate in a similar manner as the purely domestic supplies.*

- (3) It is possible that, after an exemption certificate has been issued, a body or individual eligible for exemption for its purchases pursuant to Article 151 of Directive 2006/112/EC might become aware that the conditions for the exemption in question are not or cease to be met. Such information is normally only known to that body or individual as the assessment of compliance with those conditions is to be carried out on the basis of the activities of the body or individual to whom supplies are made and by which those goods or services are to be used. In order to ensure legal certainty for taxable persons and to avoid undue burdens on taxable persons, it is necessary to clarify that in such cases the VAT due should be paid by the eligible body or individual who issued the exemption certificate. Member States should avoid unnecessary burdens in such exceptional cases by allowing the payment of VAT without the need for a full VAT registration.
- (4) While maintaining the option currently available for the paper version of the certificate, it should be possible for Member States to continue to waive the requirement for the electronic certificate to be signed by the host Member State, subject to conditions which they may lay down and which may be withdrawn in the event of abuse.
- (5) In order to ensure uniform conditions for the implementation of Article 151(1) of Directive 2006/112/EC, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>5</sup>.
- (5a) Those implementing powers should allow the Commission to establish an IT system which will keep track of the certificates issued, including issuing a certificate by eligible bodies and obtaining the certificates intended for them by the suppliers.**

<sup>5</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, ELI: <http://data.europa.eu/eli/reg/2011/182/oj>).

**Member States will remain responsible to communicate to the system established by the Commission whether the conditions to issue a certificate are met. To fulfill their responsibilities, Member States should be provided with the means to interact with the Commission, minimizing the effort required for development and maintenance by Member States.**

***Presidency note***

*Following the request of Member States, a recital has been added to clarify the responsibilities of the Member States and the Commission stemming from the use of the new electronic system.*

(6) Directive 2006/112/EC should therefore be amended accordingly,  
HAS ADOPTED THIS DIRECTIVE:

*Article 1*

In Article 151 of Directive 2006/112/EC, the following paragraphs 1a and 1b are inserted:

‘1a. Member States shall use an electronic certificate to confirm that a transaction qualifies for an exemption provided for in paragraph 1, first subparagraph. The eligible body or individual to whom the exempt supply of goods or services is made, shall issue the certificate and, together with the host Member State, shall sign it by electronic means.

The first subparagraph shall not apply to transactions, where the exemption is provided by means of a refund as referred to in the second paragraph **and where the VAT is due in the host Member State**. Member States may nevertheless opt to provide for the use of an electronic certificate, in accordance with this paragraph, for those transactions.

***Presidency note***

*The cases where the exemption is provided by means of a refund can include also cross-border supplies of goods and services, where the place of supply of those transactions is in a Member State different from where the goods are dispatched or transported from (intra-Community distance sales of goods) or where the supplier is established. In these cases the supplier either has to register in the Member State of supply or use the OSS and charge the VAT of the MS of place of supply. These are cases that could be seen as being equivalent to purely domestic supplies. Therefore the Presidency is of the view that it is justified to treat these cases regarding the use or non-use of electronic certificate in a similar manner as the purely domestic supplies. **On the contrary, where the exemption is provided for by means of refund and the VAT is due in a Member State other than the host Member State, it is justified to use the electronic certificate.***

The data set of the **electronic exemption** certificate shall include at least

- (a) the identification data of the** eligible body or individual,
- (b) the identification data of the** competent authority certifying the exemption,

- (c) **the declaration by the eligible body or individual on the intended use of the the goods and services acquired, and on meeting the conditions of the exemption,**
- (d) **the description,** and the quantity and value of the goods and services for which the exemption is requested,
- (e) **the certification by the competent authorities of the host Member State.**

***Presidency note***

*The additions to the data set of the electronic certificate serve to replicate the data of the paper-based exemption certificate provided for in Annex II of the VAT IR (EU) 282/2011.*

**When making use of the certificate referred to in the first subparagraph, the host Member State may decide to use either a common VAT and excise duty exemption certificate or two separate certificates.**

***Presidency note***

*The second subparagraph of paragraph 1 of Article 51 of the VAT IR (EU) 282/2011 provides for a possibility to use either a common or separate exemption certificate for VAT and excise duty purposes. As this Article will be deleted from the VAT IR, it is justified to include it in the VAT Directive.*

If the goods or services are intended for official use, Member States may dispense the eligible body ~~or individual~~ from the requirement to have the certificate signed by the host Member State under the conditions they may lay down. This dispensation may be withdrawn in the case of abuse. Member States shall inform the Commission of the contact point designated to identify the services responsible for signing the certificate by electronic means and the extent to which they dispense with this requirement. The Commission shall inform the other Member States of the information received from Member States.

***Presidency note***

*The possibility to dispense with the certificate signed is reserved for cases where the goods and services are intended for official use. However individuals make purchases for private use. The amendment is line with the paper-based certificate included in Annex II of the VAT IR (EU) 282/2011 (point 7. of the certificate)*

By way of derogation from the first two subparagraphs, Member States may opt to use the paper version of the certificate set out in Annex II to Council Implementing Regulation (EU) No 282/2011\* for any transaction made until 30 June 2030.

The Commission shall, by means of implementing acts, determine the technical details and specifications as regards the electronic format of the certificate referred to in the first subparagraph and its processing, **including determining the applicable IT system for this purpose. The processing shall in particular consist in recording and storing the certificates issued by eligible bodies in accordance with the first subparagraph and making them available to the suppliers making**

**an exempt supply in accordance with paragraph 1, first subparagraph and the tax authorities of the Member States.** Those implementing acts 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.

***Presidency note***

*According to the proposal, the empowerment of the Commission would include also the processing of the exemption certificates, which entails personal data. For reasons of data protection and legal certainty further specification of the Commissions powers is needed as regards the processing.*

1b. Without prejudice to paragraph 3, if the conditions for exemption laid down in paragraph 1, first subparagraph, are not met or cease to apply, the eligible body or individual who issued and signed the certificate shall be liable to pay the VAT to the Member State where it is due.

***Presidency note***

*Paragraph 1b. of Article 151 does not change the current legal situation. Since the paper-based certificate provided for in Annex II of the VAT IR (EU) 282/2011 will be deleted, the provisions tied to the use of that certificate need to be moved to the VAT Directive. According to the last paragraph of point 3. of the VAT exemption certificate provided for in Annex II of the VAT IR (EU) 282/2011, the eligible body or individual has to declare the following:*

*“The eligible body or individual hereby undertakes to pay to the Member State in which the place of supply of the goods or services acquired is located the VAT and/or excise duty which would be due if the goods and/or services did not comply with the conditions of exemption or if the goods and/or services were not used in the manner intended.”*

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\* Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (OJ L 77, 23.3.2011, p. 1, ELI: [http://data.europa.eu/eli/reg\\_impl/2011/282/oj](http://data.europa.eu/eli/reg_impl/2011/282/oj)).’.

*Article 2*

1. Member States shall bring into force, by [30 June 2026~~2028~~], the laws, regulations, and administrative provisions necessary to comply with Article 1 of this Directive. They shall forthwith communicate to the Commission the text of those provisions.

***Presidency note***

*According to the views expressed by Member States at the last WPTQ meeting it would be useful to have a transitional period to enable a smooth change to the new electronic system. It was however underlined as well that there are other IT projects of a much higher priority. Thus the Presidency proposes to move the starting date of the use of the electronic certificate to 2028, thus guaranteeing a transition period of 2 years.*

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 Article 1 of this Directive.

*Article 3*

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

*Article 4*

This Directive is addressed to the Member States.

Done at Brussels,

*For the Council*  
*The President*