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WORKING PAPER

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WORKING DOCUMENT

From:	Presidency
To:	Working Party on Tax Questions (Indirect Taxation – VAT)
Subject:	Presidency discussion paper - VAT rates

Following the discussion at the WPTQ on 30 January 2020 and ensuing written comments, delegations will find attached a reflection paper on VAT rates prepared by the Presidency.

The aim of this paper is to recollect issues which have been raised/addressed during the discussion under the Croatian Presidency regarding the principles and conditions for applying VAT reduced rates and the possible design of a positive list.

The Presidency believes that the discussion contributed to a clearer understanding of possible approaches and options for EU VAT rates.

Several questions are presented which may guide future discussions, if appropriate.

Discussion paper on VAT rates

This paper is designed to facilitate further discussions on the Commission proposal for a Council Directive amending Directive 2006/112/EC as regards rates of value added tax (hereafter *proposal*).¹

At the last WPTQ meeting on 30 January 2020 delegations discussed the possible draft of a positive list prepared by the Presidency. In the meantime, several delegations have provided written comments based on the kind request from the Presidency to consider which goods and services delegations would like to add to or remove from the proposed positive list. As expected, the comments are very diverse and indicate various preferences of the Member States, which will be discussed in a later section. To make further progress on the proposal, the Presidency proposes to continue discussions on the principles and conditions of applying VAT reduced rates initiated during the Romanian² and Finnish Presidencies³, keeping in mind that “nothing” is agreed until everything is agreed.

1. Condition of benefiting the final consumer and pursuing an objective of general interest

Article 98(3) of the proposal prescribes that reduced rates and exemptions applied pursuant to paragraphs 1 and 2 shall only benefit the final consumer and shall be applied to pursue, in a consistent manner, an objective of general interest.

The objective of this provision is according to recital 6: “To avoid unnecessary complexity and subsequent rise in business costs, in particular for intra-Community trade, goods and services that can be used only as intermediate input to an economic activity should not be eligible for reduced rates in a definitive VAT system. Such rates should be applied only for the benefit of final consumers and the setting of such rates should ensure equal treatment of similar goods or services supplied by different taxable persons. They should therefore be applied to pursue, in a consistent manner, an objective of general interest.”.

¹ See doc. 5335/18.

² See doc. WK 6575/2019.

³ See doc. WK 13281/2019.

According to the proposal, any reduced and zero rates of VAT must benefit the final consumer and pursue an objective of general interest.

Under the current rules, the condition of the final consumer is set out in paragraph 2 of Article 110 that refers to special provisions applying until the adoption of definitive arrangements. Furthermore, the exemptions and reduced rates (less than 5%) referred to in the first paragraph must be in accordance with EU law and must have been adopted for clearly defined social reasons and for the benefit of the final consumer.

According to the discussion held so far on this subject, the opinions of delegations are divided. Some delegations have expressed strong concerns about the application of these conditions and they consider that the conditions would create legal uncertainty. In fact, some delegations consider that these conditions should not be maintained in the proposal and some delegations would like to maintain these conditions only as regards super-reduced rates. On the contrary, other delegations have a positive view on the condition concerning the final consumers. It should be recalled that the recitals, the explanatory memorandum and the impact assessment do not say anything about the condition concerning the general interest.

Taking into account different opinions of the Member States it would be useful to hear updated views of delegations on the condition of benefiting the final consumer and pursuing an objective of general interest.

2. Using CPA and CN codes

According to the explanatory memorandum of the proposal, in order to limit the risk of increased complexity, Member States would be required to restrict reduced rates as far as possible to B2C supplies, and they would be obliged to communicate information about applied reduced rates based on the statistical classification of products by activity, abbreviated as CPA, and the Commission would publish this information via the existing 'Taxes in Europe' database (the TEDB web portal).

The Commission has proposed to use CPA codes in the negative list because the CPA covers both goods and services.

Under the current rules, the classification is optional and it can be applied only to goods. Article 98, paragraph 3 prescribes that when applying the reduced rates to categories of goods, Member States may use the Combined Nomenclature to establish the precise coverage of the category concerned.

It is indisputable that classification could facilitate the identification of goods and services and would be very useful in the application of the VAT e-commerce package as of 2021 when the One-Stop-Shop will be implemented, but it should be noted that delegations have different views regarding the classification. For some delegations, the use of CN codes for goods and CPA codes is acceptable. Some Member States could support using the CN for the products mentioned in Annex III to the VAT directive and are, in general, sceptical about the use of CPA codes. Other delegations believe that relying on CN and CPA codes would generate more issues than it may solve, and they want to keep a textual description of the goods and services.

What are the views of delegations on the use of CPA and CN classifications in the proposal?

3. The condition of WAR

Article 99a of the proposal prescribes that while setting the rates referred to in Articles 97 and 98, Member States shall ensure that the weighted average VAT rate, calculated in accordance with Article 4 of Council Regulation (EEC, Euroatom) No 1553/89, exceeds 12% at any given time.

According to the explanatory memorandum of the proposal, Article 99a ensures that in their setting of rates Member States apply a weighted average VAT rate that exceeds 12%. The weighted average VAT rate in a Member State takes into account all VAT rates in force, and each VAT rate is weighted with the share of the value of the transactions to which that rate applies as a percentage of the total of taxable transactions. The weighted average VAT rate functions as a revenue safeguard, because it should be calculated by only taking into account those transactions for which VAT cannot be deducted. This includes mainly supplies to final consumers, but also those made to exempt sectors of the economy, including public bodies.

According to the discussions held so far on this subject, some delegations consider that the WAR is a budget guarantee and do not support the using of WAR in tax matters. In addition,

the majority of delegations consider that the implementation of the WAR condition would be very complicated, especially taking into account the fact the WAR is calculated after each year. In working paper WK 13281/2019 discussed during the Finnish Presidency, it was mentioned that this practical issue could be solved by referring to the WAR calculated two years beforehand. A few delegations could support the using of WAR if practical issues would be resolved.

What are the views of delegations on the practicality of the use of WAR as a revenue safeguard.

4. Number of VAT rates (including zero rate)

The proposal allows Member States to apply two reduced rates of a minimum of 5%, one super-reduced rate of less than 5% and an exemption with the right to deduct input VAT. According to the explanatory memorandum of the proposal, this was proposed in order to enable each Member State to continue applying the rates currently in place whilst ensuring equal treatment to all Member States. In discussions held so far, some Member States have expressed concerns about the extension of numbers of the reduced rates.

What are the views of delegations on the numbers of the reduced rates and to what extent do Member States want to have equal access to applying reduced rates?

5. A negative or positive list

The Commission has proposed a negative list. According to the explanatory memorandum of the proposal, a new Annex IIIa outlines the negative list and includes the supply of excisable goods and supplies of goods or services, where the application of reduced rates or an exemption with deductibility of the VAT paid at the preceding stage could lead to distortion of competition. The list is structured according to the statistical classification of products by activity and

extended by the supply of certain consumer goods to counterbalance the increase in flexibility for Member States.

Some delegations have expressed a preference for a negative list because it would offer a sufficient flexibility to Member States. They consider that it would be quite difficult to get agreement on a positive list. On the contrary, many delegations prefer a positive list and consider that such a list would improve legal certainty and would be much easier to implement than a negative list.

Taking that into account, the Presidency has prepared the first possible draft of a positive list, which was discussed in the working party meeting held on 30 January 2020, and the Presidency got an impression that this approach might be acceptable for further discussion. Based on that impression, the Presidency has kindly requested delegations to examine which goods and services they would like to add to or remove from the proposed draft of a positive list. It should be noted that comments received by the Presidency expressed very different views of delegations regarding the goods and services that should be included in the draft of a positive list or removed from the list. Some proposals are contradictory e.g. some delegations want to add wine, building land, telecommunication services, coal, or petroleum oils, while other delegations cannot support the application of VAT reduced rates on these goods or services. Such examples are numerous, and we can only conclude that it would be very difficult to agree on how the possible positive list (if so desired) could be designed without certain principles. Additionally, the question on how detailed the classification code should be could be discussed. For example, some delegations have proposed including in the draft of a positive list CN codes 3002 20 00 and 3002 30 00 (Supply of vaccines for medical and veterinary purposes). In the view of the Presidency, these codes are covered by CN code 30 (Pharmaceutical products), but for transparency reasons this and other similar examples are mentioned in a draft of a positive list. **Bearing in mind all the abovementioned points, the second version of a positive list has been drafted, based on the following principles:**

- **the updated draft of a positive list covers supplies that serve largely for the benefit of the final consumer;**
- **the supplies included in the negative list are not listed in the updated draft of a positive list;**
- **the supplies for which classification is not possible (or not clear) are not included in the updated draft of a positive list.**

This revised draft of a positive list can be found in Annex I of this document. The changes made compared to the previous version are indicated in bold.

It should be noted that, based on their preferences, Member States could apply reduced rates, super-reduced rates or an exemption with the right to deduct input VAT on the goods and services included in the draft of a positive list.

In addition, it should also be noted that some delegations consider that if we choose to apply a positive list instead of a negative list, the condition of the final consumer and pursuing an objective of general interest as well as the condition of WAR are not necessary anymore. Furthermore, some delegations are of the view that a positive list must necessarily include all supplies, which are currently taxed with a reduced rate. With this in mind, and to ensure full transparency regarding delegations' proposals, the Presidency has also created the following lists, which can be found in Annex II of this document:

- Supplies removed from the previous draft of a list, as suggested by delegations, due to a very broad scope;
- Supplies and services proposed by delegations, but still not included in the list or may be covered by a broader CN code;
- Supplies which are exempted but without deductibility of the VAT paid at the preceding stage (some delegations have requested that these supplies should be included).

It would be productive to hear the views of delegations on the updated draft of a positive list, as well as on the condition of the final consumer, and pursuing an objective of general interest and the condition of WAR in the correlation with the application of a positive list (if so desired).

PART 1 GOODS ON WHICH A REDUCED RATE OR EXEMPTION MAY APPLY WITH THE RIGHT TO DEDUCT VAT PAID AT THE PRECEDING STAGE				
	Title	CN codes of goods to which reduced rates can be applied	Annex III	Derogation
1.	Live animals, foodstuff and food supplements ➤ Live animals not designated for human or animal consumption	01 LIVE ANIMALS 02 MEAT AND EDIBLE MEAT OFFAL 03 FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES 04 DAIRY PRODUCE; BIRDS' EGGS; NATURAL HONEY; EDIBLE PRODUCTS OF ANIMAL ORIGIN, NOT ELSEWHERE SPECIFIED OR INCLUDED 05 PRODUCTS OF ANIMAL ORIGIN, NOT ELSEWHERE SPECIFIED OR INCLUDED 07 EDIBLE VEGETABLES AND CERTAIN ROOTS AND TUBERS 08 EDIBLE FRUIT AND NUTS; PEEL OF CITRUS FRUIT OR MELONS 09 COFFEE, TEA, MATÉ AND SPICES 10 CEREALS 11 PRODUCTS OF THE MILLING INDUSTRY; MALT; STARCHES; INULIN; WHEAT GLUTEN 12 OIL SEEDS AND OLEAGINOUS FRUITS; MISCELLANEOUS GRAINS, SEEDS AND FRUIT; INDUSTRIAL OR MEDICINAL PLANTS; STRAW AND FODDER 13 LAC; GUMS, RESINS AND OTHER VEGETABLE SAPS AND EXTRACTS 14 VEGETABLE PLAINTING MATERIALS; VEGETABLE PRODUCTS NOT ELSEWHERE SPECIFIED OR INCLUDED 15 ANIMAL OR VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PREPARED EDIBLE FATS; ANIMAL OR VEGETABLE WAXES 16 PREPARATIONS OF MEAT, OF FISH OR OF CRUSTACEANS, MOLLUSCS OR OTHER AQUATIC INVERTEBRATES 17 SUGARS AND SUGAR CONFECTIONERY 18 COCOA AND COCOA PREPARATIONS 19 PREPARATIONS OF CEREALS, FLOUR, STARCH OR MILK; PASTRYCOOKS' PRODUCTS 20 PREPARATIONS OF VEGETABLES, FRUIT, NUTS OR OTHER PARTS OF PLANTS 21 MISCELLANEOUS EDIBLE PREPARATIONS 3503 00 10 Gelatine and its derivatives	Point 1	
2.	Food products for animal consumption	23 RESIDUES AND WASTE FROM THE FOOD INDUSTRIES; PREPARED ANIMAL FODDER (excluding items falling under subheading 2307 00)	Point 1	
3.	Plants, cut flowers and ornamental foliage	06 LIVE TREES AND OTHER PLANTS; BULBS, ROOTS AND THE LIKE; CUT FLOWERS AND ORNAMENTAL FOLIAGE	Article 122	
4.	Water, non-alcoholic beverages and vinegar	2201 Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow 2202 Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 2009	Point 1 Point 2	

		2209 00 Vinegar and substitutes for vinegar obtained from acetic acid		
5.	Salt and sea water	2501 00 Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free-flowing agents; sea water	Point 1 Point 2	
6.	Textiles and footwear ➤ clothes and footwear only for children	61 - ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED 62 - ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED 63 - OTHER MADE-UP TEXTILE ARTICLES; SETS; WORN CLOTHING AND WORN TEXTILE ARTICLES; RAGS 64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES		Article 114 Article 115 Article 118
7.	Pharmaceuticals	30 PHARMACEUTICAL PRODUCTS	Point 3	
	Supply of vaccines	3002 20 00, 3002 30 00 Supply of vaccines for medical and veterinary purposes (should be covered by chapter 30)		
8.	Washing and cleaning products put up for retail sale	3402 20 90 Washing preparations and cleaning preparations		Article 118
9.	Sanitary protection products and non-oral contraceptive products	3922 Toilet step stool 3924 90 Other household articles and hygienic or toilet articles, of plastics (menstrual cups, menstrual sponges) 3926 90 97 Condoms 4014 Hygienic or pharmaceutical articles (including teats), of vulcanised rubber other than hard rubber, with or without fittings of hard rubber (including menstrual cups under heading 4014 90) (natural menstrual sponges are included under 0511 99 39) 9619 00 Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles, of any material	Point 3	
10.	Appliances to compensate for a defect or disability (for the exclusive personal use of the disabled)	3922 Baths for disabled 3922 90 00 Other sanitary ware (products) of plastic – only seat to bath for use for heavily health disabled persons 3926 Low vision writing guides (Braille) 3926 Braille slates 4016 95 00 and 4016 99 98 Padded/inflatable toilet seats for use by disabled persons falling under CN codes 9404 21 6910 and 7324 Baths for disabled 7325 10; 7325 99; 7326 19; 7326 90 7907 00 Gutter frames for use by disabled persons 7326 Low vision writing guides (Braille) 7907 Cranes for disable 8425 11 90 and 8425 19 91 Hoists for use by disabled persons 8428 Special lifting devices for disabled persons 8428 10 91 and 8428 20 99 Platform lift/swimming pool lifters for use by disabled persons 8428 60 00 Chairlifts for use by disabled persons 8428 90 95 Other lifting, handling, loading or unloading machinery – only bath hoist for use for heavily health disabled persons 8428 90 98 Bath tub lifters for use by disabled persons 8428 90 98 Lifts to get wheelchair into a car for use by disabled persons 8443 Braille printers 8469 12 00; 8469 20 00 and 8469 30 00 Braille typewriters for use by disabled persons 8471 Braille scanner 8471 49 00 Other machines/devices for automatic data-processing, presented in the form of systems – only devices with voice or tactile output for blind and purblind persons	Point 4	

		8472 Braille typewriters 8472 Braille note taker 8518 40 Electric low-frequency amplifiers (audio-frequency) – only individual amplifiers for hard-of-hearings, amplifiers for induction coils for hard-of-hearings, induction coils for hard-of-hearings, group amplifiers for teaching of hearing-disabled children 8518 40 91 and 8518 40 99 Amplifiers for communication devices for people with impaired hearing for use by disabled persons 8528 Braille display 8531 80 95 Other electric sound or visual signalling apparatus (other than items 8512 or 8530) – only for persons with hearing and visual disability 9001 30 00 Contact lenses 9001 40 Spectacle lenses of glass 9001 50 Spectacle lenses of other materials 9003 Frames and mountings for spectacles, goggles or the like, and parts thereof 9004 Spectacles, goggles and the like, corrective, protective or other 9018 Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphic apparatus, other electromedical apparatus and sight-testing instruments 9018 90 30 Artificial kidney 9019 Aerosol equipment 9020 Other breathing appliances and gas masks, excluding protective masks having neither mechanical parts nor replaceable filters (excluding items falling under subheadings 9020 00 10) 9021 Orthopaedic appliances, including crutches, surgical belts and trusses; splints and other fracture appliances; artificial parts of the body; hearing aids and other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability 9102 Braille watches 9401 30 10 and 9401 30 90 Car adaptation-hand controls, swivel seats for use by disabled persons 9401 79 00 Toilets frames/surrounds for use by disabled persons 9402 90 00 Special feeder chairs for use by disabled persons 9404 Anti-decubitus material 9404 21 Mattress of cellular rubber or plastics, whether or not covered 9404 29 Mattress of other materials for use by disabled persons 9404 90 Articles of bedding and similar furnishing 9608 39 90 Mouth sticks for use by disabled persons		
11.	Walking sticks	6602 00 00 White sticks for use by disabled persons but excluding seat-sticks, whips, riding-crops and the like 6603 90 00 Walking sticks and ferrules for use by disabled persons	Point 4	
12.	Bicycles and Carriages for disabled persons	8712 Bicycles and other cycles (including delivery tricycles), not motorised 8713 Carriages for disabled persons, whether or not motorised or otherwise mechanically propelled 8714, but only covering parts and accessories of vehicles of headings 8712 to 8713, therefore covering child seats intended	Point 4	

		for the transport of children on “adult bicycles” and parts and accessories of carriages for disabled persons 8714 20 00 Parts and accessories for carriages for disabled persons, n.e.s.		
13.	Children car seats	9401 20 00 Seats of a kind used for motor vehicles	Point 4	
14.	Printed publications ➤ Publications devoted to advertising	4901 Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets 4902 Newspapers, journals and periodicals, whether or not illustrated or containing advertising material 4903 00 00 Children's picture, drawing or colouring books 4904 00 00 Music, printed or in manuscript, whether or not bound or illustrated 4905 Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed	Point 6	
15.	Coal, fuel and gas for power and heating, firewood and electricity	2701 Coal; briquettes, ovoids and similar solid fuels manufactured from coal 2702 Lignite, whether or not agglomerated, excluding jet 2703 00 00 Peat 2704 Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon 2705 Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons 2708 Pitch and pitch coke, obtained from coal tar or from other mineral tars 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude 2711 Petroleum gases and other gaseous hydrocarbons 2713 Petroleum coke 2716 00 00 electrical energy 4401 including 4401 11 and 4401 12 Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms 4401 31 Pellet 4403 Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared	Article 102	Article 104a Article 118
16.	Candles, tapers and the like ➤ Candles other than white candles, tapers and the like	3406 00 00		Article 110
17.	Coffins of wood	4421 99 91	Point 16	
18.	Safety headgear	6506 10		Article 110
19.	Prefabricated buildings	9406		
20.	Building blocks and bricks	6810 11 90 Building blocks and bricks of cement, concrete or artificial stone		Article 118
21.	Other vehicles, with only electric motor for propulsion	8703 80 (Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, with only electric motor for propulsion)		
	Title	CPA codes of goods to which reduced rates can be applied	Annex III	Derogation
1.	Books on disk, tape or other physical media	58.11.20 Audio books, books and similar printed matter, supplied on all physical means of support which include, but not limited to, a CD, DVD, SD-card and USB, but which excludes publications wholly or predominantly devoted to	Point 6	

		advertising and excluding also publications wholly or predominantly consisting of video content or audible music Newspaper, sheet-music on disk or other physical media		
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PART 2				
SERVICES ON WHICH A REDUCED RATE OR EXEMPTION MAY APPLY WITH THE RIGHT TO DEDUCT VAT PAID AT THE PRECEDING STAGE				
	Title	CPA codes of services to which reduced rates can be applied	Annex III	Derogation
1.	Supply of services for the agricultural production	01.6 Agricultural and animal husbandry services	Point 11	
2.	Forestry services	02.4 Support services to forestry 02.10.20 Forest trees nurseries services	Point 11	
3.	Support services to fishing, except sea fishing	03.00.7	Point 11	
4.	Repair of medical equipment, aids and appliances	33.13.12 Repair and maintenance services of irradiation, electromedical and electrotherapeutic equipment	Point 4	
5.	District heating and cooling	35.3 Steam and air conditioning supply services	Article 102	
6.	Supply of services connected to water	36.00.2 Treatment and distribution services of water through mains 36.00.30 Trade services of water through mains	Point 2	
7.	Sewage removal and treatment services	37.00.11	Point 2	
8.	Waste collection, treatment and disposal services; materials recovery services	38.1 Waste; waste collection services 38.2 Waste treatment and disposal services 38.3 Materials recovery services; secondary raw materials and repair of such goods	Point 18 and point 19	
9.	Remediation and clean-up services	39.00.1 Remediation and clean-up services 39.00.2 Other remediation and specialised pollution control services	Point 18	
10.	Buildings and building construction works	41	Point 10 Point 10a	
11.	Construction works for railways and underground railways	42.12.2 Construction works for railways and underground railways		
12.	Construction works for pipelines for fluids	42.21.12 Local pipelines for fluids 42.21.13 Irrigation systems (canals); water main and line constructions; water treatment plants, sewage disposal plants and pumping stations 42.21.22 Construction works for local pipelines, including ancillary works 42.21.23 Construction works for irrigation systems (canals), water mains and lines, water treatment plants, sewage disposal plants and pumping stations 42.21.24 Water well drilling and septic system installation works		
13.	Specialised construction works	43	Point 10 Point 10a	

14.	Passenger transport services	49.1 Passenger rail transport services, interurban 49.3 Other passenger land transport services 50.1 Sea and coastal passenger water transport services 50.30.1 Inland passenger water transport services 50.30.20 Rental services of inland water vessels for passengers with operator 51.1 Passenger air transport services	Point 5	
15.	Tolls on bridges and tunnels	52.21.23		Article 105(1)
16.	Accommodation services	55.1 Hotel and similar accommodation services 55.2 Holiday and other short stay accommodation services 55.3 Camping ground, recreational and vacation camp services 55.90.11 Room or unit accommodation services for students in student residences and school dormitories 55.90.12 Room or unit accommodation services for workers in workers hostels or camps 55.90.13 Sleeping car and similar services in other transport media 55.90.19 Other accommodation services n.e.c	Point 12	
17.	Restaurant and catering services, (with possibility to exclude the supply of (alcoholic and/or non-alcoholic) beverages)	56.1 Restaurant and mobile food serving services 56.2 Event catering services and other food serving services 56.3 Beverage serving services 56.29.2.Canteen services	Point 12a	
18.	Digital publications	58.11.3 On-line books 58.13.2 On-line newspapers 58.14.2 On-line journals and periodicals	Point 6	
19.	Admissions to cinemas	59.14.10 Motion picture projection services - only admissions to cinemas	Point 7	
20.	Radio broadcasting services; broadcast originals	60.10.11 Radio programming and broadcasting services 60.10.12 Radio broadcasting originals	Point 8	
21.	Linear television programming and broadcasting services	60.20.11 Linear television programming and broadcasting services (including on-line programme selection, scheduling and broadcasting of television programmes, including on-line combined programme production and broadcasting services) 60.20.20 Television broadcasting originals	Point 8	
22.	Rental and operating services of own or leased real estate	68.20.11 Rental and operating services of own or leased residential real estate (This subcategory includes rental and operating services concerning residential real estate by owners or leaseholders: - houses, flats, apartment buildings - multiple-use buildings that are primarily residential - residential mobile home sites - space owned by time-share owners)		Article 117
23.	Veterinary services	75		
24.	Tourist guide services	79.90.20		Article 114
25.	Window cleaning and cleaning in private households	81.21.11 General home cleaning services (This subcategory includes: - housework for households This subcategory also includes:	Point 10b	

		- “handyman” services such as fixing leaking toilets, changing a light fixtures etc. at home This subcategory excludes: - specialised interior cleaning services, such as chimney cleaning, cleaning of fireplaces, stoves, furnaces, incinerators, boilers, ventilation ducts, exhaust units) 81.22.11 Window cleaning services		
26.	Street cleaning	81.29.12 Sweeping and snow removal services 81.29.13 Other sanitation services	Point 18	
27.	Landscape services	81.30 Landscape services 81.30.11 Home garden maintenance		
28.	Education services	85.1 Pre-primary education services 85.2 Primary education services 85.3 Secondary education services 85.4 Higher education services 85.51 Sports and recreation education services 85.52 Cultural education services 85.53 Driving school services 85.59 Other education services n.e.c. 85.6 Educational support services	Point 15	
29.	Human health services	86.1 Hospital services 86.2 Medical and dental practice services 86.9 Other human health services 86.90.11 Pregnancy related services 86.90.12 Nursing services 86.90.13 Physiotherapeutic services 86.90.14 Ambulance services 86.90.15 Medical laboratory services 86.90.16 Blood, sperm and transplant organ bank services 86.90.17 Diagnostic imaging services without interpretation 86.90.18 Mental health services 86.90.19 Other human health services n.e.c	Point 3 Point 15	
30.	Residential care services	87.1 Residential nursing care services 87.2 Residential care services for mental retardation, mental health and substance abuse 87.3 Residential care services for the elderly and disabled 87.90.11 Other social work services with accommodation for children and young people 87.90.12 Social work services with accommodation for mistreated women 87.90.13 Other social work services with accommodation for adults	Point 15	

31.	Social work services without accommodation	88.1 Social work services without accommodation for the elderly and disabled 88.91.11 Child day-care services excluding day-care services for the disabled 88.91.12 Day-care services for disabled children and young people 88.91.13 Baby-sitting services 88.99.11 Guidance and counselling services n.e.c. related to children 88.99.12 Welfare services without accommodation 88.99.13 Vocational rehabilitation services for the unemployed 88.99.19 Other social services without accommodation n.e.c.	Point 20	
32.	Services of performing artists	90.01 This subcategory includes: - services of actors, readers, singers, musicians, dancers, stunt people, television personality hosts/presenters, lecturers, speakers, circus artists and other performing artists - services of independent models		
33.	Library, archive, museum and other cultural services	91.01.11 Library services- for admission only 91.02 Museum services - for admission only 91.03 Operation services of historical sites and buildings and similar visitor attractions 91.04 Botanical and zoological garden services and nature reserve services - for admission only	Point 6 Point 7	
34.	Sporting services and amusement and recreation services	93.1 Sporting services 93.2 Amusement and recreation services - for admission only	Point 7 Point 13 Point 14	
35.	Repair services of computers and personal and household goods	95.1 Repair services of computers and communication equipment 95.2 Repair services of personal and household goods		
36.	Other personal services	96.01 Washing and (dry-)cleaning services of textile and fur products 96.02 Hairdressing and other beauty treatment services under 96.02.1 96.03 Funeral and related services 96.04 Physical well-being services - for admission only 96.09.11 Pet care services	Point 16 Point 21	Article 114

Supplies removed from the previous draft of a list, as suggested by Member States, due to a very broad scope:

Removed from the previous draft of a positive list		
3304 Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations 3305 Preparations for use on the hair 3306 Preparations for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual retail packages 3307 Pre-shave, shaving or aftershave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties 3401 11 00 Soap and organic surface-active products and preparations for toilet use (including medicated products) 3401 30 00 Organic surface-active products and preparations for washing the skin, in the form of liquid or cream and put up for retail sale, whether or not containing soap 9616 20 00 Powder-puffs and pads for the application of cosmetics or toilet preparations		
5101 Wool, not carded or combed 60 – KNITTED OR CROCHETED FABRICS Wool, raw and unwashed (these are textile raw materials obtained from sheep and lambs)		
61.1 Wired telecommunications services 61.2 Wireless telecommunications services 61.3 Satellite telecommunications services 61.9 Other telecommunications services		
69.1 Legal services		Annex X

Supplies and services proposed by Member States but still not included in the list or maybe covered by broader CN code:

Goods proposed by MS with CN codes
010121 The supply of live horses 05119985 Embryos or semen 2204 Wine 2844 Radioactive elements and radioactive isotopes (including the fissile or fertile chemical elements and isotopes) and their theatre i; mixtures and residues containing these products 2844 40 - Radioactive elements and isotopes and theatre i, other than those of subheading 2844 10, 2844 20 or 2844 30; alloys; dispersions (including cermets), ceramic products and mixtures containing these elements, isotopes or compounds; radioactive residues – only for health service 2905 45 00 Glycerol 2925 11 00 Saccharin and its salts 2941 Antibiotics 31 Fertilisers 3808 Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products, put up in forms or packings for retail sale or as preparations or articles (for example, sulphur-treated bands, wicks and candles, and fly-papers,) 3301 90 21 Extracted oleoresins of liquorice and hops 3301 90 30 Extracted oleoresins of quassia wood, aloe, manna and other plants (excl. Vanilla, liquorice and hops) 3302 10 21 Preparations based on odoriferous substances, containing all flavouring agents characterizing a beverage, containing no milkfats, sucrose, isoglucose, glucose or starch or containing, by weight, < 1,5% milkfat, < 5% sucrose or isoglucose, < 5% glucose or < 5% starch, of a kind used in the drink industries (excl. Of an actual alcoholic strength of > 0,5% vol)s

3302 10 29 Preparations based on odoriferous substances, containing all flavouring agents characterizing a beverage, containing, by weight, $\geq 1,5\%$ milkfat, $\geq 5\%$ sucrose or isoglucose, $\geq 5\%$ glucose or $\geq 5\%$ starch, of a kind used in the drink industries (excl. Of an actual alcoholic strength of $> 0,5\%$ vol)

3302 10 40 Mixtures of odoriferous substances and mixtures, incl. Alcoholic solutions, with a basis of one or more of these substances, of a kind used as raw materials in the drink industries, and preparations based on odoriferous substances of a kind used in the drink industries (excl. Those containing all flavouring agents characterizing a beverage)

3302 10 90 Mixtures of odoriferous substances and mixtures, incl. Alcoholic solutions, with a basis of one or more of these substances, of a kind used as raw materials in the food industries

3407 00 00 Modelling pastes, incl. those put up for children's amusement; preparations known as "dental wax" or as "dental impression compounds", put up in sets, in packings for retail sale or in plates, horseshoe shapes, sticks or similar forms; other preparations for use in dentistry, with a basis of plaster "of calcined gypsum or calcium sulphate"

3507 10 00 Rennet and concentrates thereof

3822 Sugar measuring strips

3822 00 00 Diagnostic or laboratory reagents on backing and prepared diagnostic or laboratory reagents, also on a backing, other than those of heading 3002 or 3006; certified reference materials

3824 Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included

3824 99 61 Intermediate products of the antibiotics manufacturing process obtained from the fermentation of *Streptomyces tenebrarius*, whether or not dried, for use in the manufacture of human medicaments of heading 3004

3824 99 62 Intermediate products from the manufacture of monensin salts for pharmaceutical or chemical uses

3824 99 64 Products and preparations for the chemical and allied industries for pharmaceutical or chemical uses, n.e.s. (excl. Intermediate products of the antibiotics manufacturing process obtained from the fermentation of *Streptomyces tenebrarius*, whether or not dried, for use in the manufacture of human medicaments of heading 3004 and intermediate products from the manufacture of monensin salts)

3917 Connection and drainage line for medical use

3926 Liquid collection bags for medical use

4801 Newsprint, in rolls or sheets

4820 20 Exercise books

4907 00 30 Banknotes

4910 00 00 Calendars of any kind, printed, excluding calendar blocks

4911 00 00 Other printed matter, including printed pictures and photographs: (TN701)

4911 10 Trade advertising material, commercial catalogues and the like

4911 10 Brochures

4911 10 10 Commercial catalogues

4911 10 90 Other printed matter (e.g. examination papers)

4911 99 00 Printed matter, n.e.s.

7015 10 00 Glasses for corrective spectacles, curved, bent, hollowed or the like, but not optically worked (excl. Flat glass for such purposes)

5805 00 00 Goblets

6304 Wall fabrics made by hand on the basis of original designs provided by the artist

97 Works of art, collectors' pieces and antiques

Goods proposed by MS but without CN codes

Appliances, machinery and other equipment designed exclusively or mainly for the collection and use of solar energy, wind energy, geothermal energy or other forms of alternative energy and the avoidance or reduction, by measuring and controls, of any form of pollution

Agricultural tools and utensils, mobile silos, tractors, pumps and other machinery designed exclusively or mainly for the purpose of agriculture, cattle breeding or forestry

Agricultural inputs, excluding products falling under heading NO. 38.08 of the tariff of entry duties

String for agricultural machines

Feed and food for farm and domestic animals

Garden soil

Flax

Salt liquors

Supply of water

Pharmaceutical products of a kind normally used for health care, prevention of illness and as treatment for medical and veterinary purposes

Paper for printing books

Round timber

Supply of photovoltaic solar panels
 Coffins, urns and other funeral utensils
 Building land
 Non-luxury homes
 Electric vehicles
 Covers for operation
 Infusion pumps for pain relief
 Glucose meters and accessories
 Assistance dogs
 Medical equipment, ancillary equipment and other devices normally intended for the mitigation or treatment of disability, intended solely for personal use by disabled persons
 Motor vehicles designed, adapted or equipped for use by disabled persons
 Cars for disabled
 Supply of LPG in Cylindres

Cut and packaged vegetables and fruits – only: peeling and cutting vegetables, mixing fresh salads 10.39.14

Services proposed by MS with CPA codes

01.61 Agricultural and animal husbandry services, except veterinary services, as well as horse shoeing and running livestock shelters
 18.11 Newspaper printing services
 18.12.13 Printing services for journals and periodicals, appearing less than four times a week
 18.12.14 Printing services for books, maps, hydrographic or similar charts of all kinds, pictures, designs and photographs, postcards
 69.10.15 Royalties in general
 90.02 Support services in the performing arts
 90.02.11 Production and presentation of show
 90.02.12 For presentation, promotion and organization of theatre, opera, ballet, concert, circus

Services proposed by MS but without CPA codes

Support services to crop production
 Delivery of plants with landscaping
 Artificial insemination services for animals
 Supply of services of a kind normally intended for use in agricultural production but excluding capital goods such as machinery or buildings
 Animal slaughter and meat inspection services provided by veterinarians
 Securities custody and management
 Management of credits and credit guarantees by a person or an organization other than those who granted the credits
 The rate applicable to the delivery of work under contract, is the rate applicable to goods obtained after completion of the custom work
 Gas, electricity and heating services
 Repair and maintenance of cars, other vehicles, vessels and aircraft Commercial ship and aircraft stores Services relating to vessels and aircraft
 Short term hire (less than 5 weeks) for motor vehicles for the conveyance of persons by road, or ships, boats and other vessels not exceeding 15 tonnes gross designed for the conveyance of per-sons or caravans, mobile homes, tents and trailer tents
 Photographic services including photographic prints
 Printing services for membership publications of non-profit making organisations and services with regard to production (basically printing services) of membership periodicals, staff periodicals and periodicals issued by non-profit organisations, including services related to such production, such as distribution services
 Jockey Services
 The supply, modification, repair, maintenance, chartering and hiring of fighting ships
 Life saving services provided by the Royal National Lifeboat Institution including the organisation and maintenance of the lifeboat service
 Services provided by the Commissioners of Irish Lights in connection with the operation of lightships, lighthouses or other navigational aids
 Repair and maintenance of 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
 Repair of medical equipment which is taxable to the reduced rate

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

Provision, construction, renovation and alteration of housing, including micro installations of renewable energy source functionally connected to them and connected to the power grid, as part of a social policy

Construction, rehabilitation and renovation services of housing, monuments, public buildings and private buildings of national interest

Supply or construction of private dwellings (under specific conditions as part of a social policy)

Provision, construction, renovation and alteration of prefabricated housing buildings, as part of a social policy

Renovation and repairing of private prefabricated dwellings buildings, excluding materials which account for a significant part of the value of the service supplied

Renovation and repairing of private dwellings, including micro installations of renewable energy source functionally connected to them and connected to the power grid, excluding materials which account for a significant part of the value of the service supplied

Renovation and repairing of private dwellings by a taxable person, consisting of static upgrade, energy efficiency improvement or similar works for dwellings in remoted areas

The transport of international 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

Passenger transport and their accompanying luggage

Transport of persons and the luggage they carry with them on urban and rural buses

Transport of passengers and their accompanying luggage by urban, suburban and rural taxis

Local sea transport of passengers and their accompanying luggage

Accommodation provided in hotels and similar establishments, including the provision of holiday accommodation and the letting of places on camping or caravan sites

Audio books, books and similar printed matter, supplied electronically but which excludes publications wholly or predominantly devoted to advertising and excluding also publications wholly or predominantly consisting of video content or audible music

Supply 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 hydrographic or similar charts), newspapers and periodicals, other than material wholly or predominantly devoted to advertising

Admission to shows, theatres, circuses, fairs, amusement parks, concerts, museums, zoos, cinemas, exhibitions and similar cultural events and facilities

Admission to sporting events and use of sporting facilities

Reception of radio and television broadcasting services [Linear television programming and broadcasting services]

Supply of services by authors, artists, performers, lawyers and other members of the liberal profession, with the exception of services listed in points (a) to (j) of item 2 of Part B of Annex X

Supply of services by writers, composers and performing artists, or of the royalties due to them

Services provided by composers, writers and journalists

Routine cleaning of non-residential property

Licensing services or other services of a similar nature to medical equipment, ancillary equipment and other devices normally intended for the mitigation or treatment of disability

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)

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

Supply of goods and services by private establishments for the elderly, which are not exempt

Domestic care services such as home help and care of young, elderly, sick or disabled

Minor repairing of bicycles, shoes and leather goods, clothing and household linen (including mending and alteration)

Services for bicycles, footwear and leather goods, clothing and textiles (including corrections and alterations)

Supply of services by undertakers and cremation services, and the supply of goods related thereto

The use horses for agricultural and forestry work or transport services; the use of horses for teaching or practising horseback riding, equestrian sport or horse racing, or for therapeutic or recreational purposes; Services rendered exclusively to live horses and related to the reproduction, breeding, caretaking (including boarding and veterinary care), provision, transportation, slaughter and preparation (including breaking- in, dressage and training for the services mentioned above); Intermediary services dealing exclusively with the transactions referred above

Some Member States have requested to include supplies which are exempted but without deductibility of the VAT paid at the preceding stage

ANNEX 1A - GOODS AND SERVICES THAT MAY BE EXEMPTED WITHOUT DEDUCTIBILITY OF THE VAT PAID AT THE PRECEDING STAGE		
Title	Description	Derogation
Funeral Services	The Supply of services by undertakers and cremation services and the supply of goods related thereto	Article 371
Water supplied by a public body	The supply of water by a body governed by public law	Article 387 Article 371
Transport of Passengers	The transport of passengers and the transport of goods accompanying them	Article 371
Admission of Spectators to Sporting Events	Admission to sporting events	Article 371
Buildings and Building Land	The supply of a building, or parts thereof, or of the land on which it stands and the supply of building land	Article 387

ANNEX III (current)**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, newspapers and periodicals either on physical means of support or supplied electronically or both (including brochures, leaflets and similar printed matter, children's picture, drawing or colouring books, music printed or in manuscript form, maps and hydrographic or similar charts), other than publications wholly or predominantly devoted to advertising and other than publications wholly or predominantly consisting of video content or audible music;
- (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.
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