



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 9 July 2013
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"I/A" ITEM NOTE

From: General Secretariat of the Council

To: Permanent Representatives Committee (Part 2)/Council

Subject: VAT fraud: Quick Reaction Mechanism - Reverse Charge Mechanism

- a) Council Directive amending Directive 2006/112/EC on the common system of value added tax as regards a quick reaction mechanism against VAT fraud
- b) Council Directive amending Directive 2006/112/EC as regards an optional and temporary application of the reverse charge mechanism in relation to supplies of certain goods and services susceptible to fraud

= Adoption

The Council will find in Annex the statements to be entered in the Minutes of the Session at which the abovementioned Directives will be adopted.

DRAFT STATEMENTS**TO BE ENTERED IN THE MINUTES OF THE COUNCIL**

"In the context of the agreement by Member States on a comprehensive package fighting VAT fraud, the Council and the Commission state that:

1. The Quick Reaction Mechanism (QRM) and the extension of the Reverse Charge Mechanism (RCM) are temporary and exceptional measures to address serious VAT fraud risks. The Commission and the Council agree the need to prioritise the delivery of a “Robust, Resilient and Fraud Proof VAT system” as outlined in the Commission’s Communication on the Future of VAT with a view to facilitating the prevention of VAT fraud rather than having to rely on derogation arrangements. The Council notes the willingness of the Commission to bring forward proposals to meet this objective.
2. The Commission and the Council agree that the sole purpose of the RCM is to facilitate Member States in addressing VAT fraud which will lead to losses to their Exchequers, and does not represent in any way a move towards a general reverse charge system. Before applying a reverse charge, a Member State should be satisfied that the application of conventional administrative measures would have been insufficient to counteract fraud in such circumstances. Furthermore, applying a reverse charge should not adversely affect the existing conventional information exchange under Regulation (EU) Nr. 904/2010; Member States having implemented a reverse charge in a particular sector are still bound to reply to information requests relating to that sector within the time limits provided for in article 7 of this regulation. The Council notes the commitment by the Commission to be vigilant against any abuse of the RCM.

3. The Council notes the readiness of the Commission to speed-up as much as possible the existing procedures under Article 395 of the VAT Directive with a view to reducing the timescale involved in granting derogations to address the risk of VAT fraud.
 4. The Council and the Commission recognise that co-operation in the sharing of best administrative practice among Member States in enhancing the effectiveness of measures against the risk of VAT fraud should be stepped up."
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