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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

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

COUNCIL IMPLEMENTING DECISION (EU) 2017/...

of ...

**authorising the Republic of Estonia to apply
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 Article 395 thereof,

Having regard to the proposal from the European Commission,

¹ OJ L 347, 11.12.2006, p. 1.

Whereas:

- (1) By letter registered with the Commission on 18 May 2016, Estonia requested authorisation to apply a special measure derogating from Article 287 of Directive 2006/112/EC ('the special measure'), allowing Estonia to exempt from value added tax (VAT) taxable persons whose annual turnover is no higher than EUR 40 000 as of 1 January 2018.
- (2) In accordance with Article 395(2) of Directive 2006/112/EC, the Commission informed the other Member States by letter dated 4 October 2016 of the request made by Estonia. The Commission notified Estonia by letter dated 5 October 2016 that it had all the information necessary to consider the request.
- (3) Under point 8 of Article 287 of Directive 2006/112/EC, Estonia may exempt from VAT taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 16 000 at the conversion rate on the day of its accession.
- (4) The requested special measure is in line with the objectives of Commission Communication of 25 June 2008, entitled "'Think small first' – a 'Small Business Act' for Europe'.

- (5) Given that the special measure will result in reduced VAT obligations for smaller businesses, Estonia should be authorised to apply it for a limited period of time, until 31 December 2020. Taxable persons should still be able to opt for the normal VAT arrangements.
- (6) 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 provisions of Directive 2006/112/EC will enter into force before 31 December 2020.
- (7) Based on information provided by Estonia, the increased threshold will have a negligible impact on the overall amount of tax revenue collected at the stage of final consumption.
- (8) The derogation has no impact on the Union's own resources accruing from VAT,

HAS ADOPTED THIS DECISION:

Article 1

By way of derogation from point 8 of Article 287 of Directive 2006/112/EC, Estonia is authorised to exempt from VAT taxable persons whose annual turnover is no higher than EUR 40 000.

Article 2

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

This Decision shall apply from 1 January 2018 until 31 December 2020, or until the entry into force of a directive amending Articles 281 to 294 of Directive 2006/112/EC governing the special scheme for small enterprises, whichever date is earlier.

Article 3

This Decision is addressed to the Republic of Estonia.

Done at ...,

For the Council

The President
