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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL IMPLEMENTING DECISION amending Implementing Decision 2011/335/EU authorising the Republic of Lithuania to apply a measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax

COUNCIL IMPLEMENTING DECISION (EU) 2017/...

of

**amending Implementing Decision 2011/335/EU
authorising the Republic of Lithuania to apply a 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 a letter registered with the Commission on 26 April 2017, Lithuania requested authorisation for a measure derogating from point 11 of Article 287 of Directive 2006/112/EC in order to continue to exempt certain taxable persons whose annual turnover is no higher than EUR 45 000. Through that measure, those taxable persons would be exempt from certain or all of the obligations in relation to value added tax (VAT) referred to in Chapters 2 to 6 of Title XI of Directive 2006/112/EC.
- (2) The Commission informed the other Member States by letters dated 8 May 2017 and 10 May 2017 of the request made by Lithuania. By letter dated 11 May 2017, the Commission notified Lithuania that it had all the information necessary to consider the request.
- (3) A special scheme for small enterprises is already available to Member States under Title XII of Directive 2006/112/EC. The extended measure derogates from Title XII of Directive 2006/112/EC only in so far as the taxable person's annual turnover threshold for the special scheme is higher than that allowed for Lithuania under point 11 of Article 287 of Directive 2006/112/EC, which is EUR 29 000.

- (4) By Council Implementing Decision 2011/335/EU¹, Lithuania was authorised, as a derogating measure, to exempt taxable persons whose annual turnover is no higher than EUR 45 000 until 31 December 2014. By Council Implementing Decision 2014/795/EU² the derogating measure was extended until 31 December 2017.
- (5) Given that the fixed threshold resulted in reduced VAT obligations and thus reduction of administrative costs for small enterprises, Lithuania should be authorised to apply the measure for a further limited period, until 31 December 2020. Taxable persons may still opt for normal VAT arrangements.
- (6) The provisions of Articles 281 to 294 of Directive 2006/112/EC on a special scheme for small enterprises are subject to review and a Directive, amending these provisions of Directive 2006/112/EC, might therefore enter into force before 31 December 2020.
- (7) From information provided by Lithuania, the extension of the derogation will only have a negligible impact on the overall amount of tax revenue collected at the final stage of consumption.

¹ Council Implementing Decision 2011/335/EU of 30 May 2011 authorising the Republic of Lithuania to apply a measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax (OJ L 150, 9.6.2011, p. 6).

² Council Implementing Decision 2014/795/EU of 7 November 2014 extending the application of Implementing Decision 2011/335/EU authorising the Republic of Lithuania to apply a measure derogating from Article 287 of Directive 2006/112/EC (OJ L 330, 15.11.2014, p. 44).

- (8) The derogation has no impact on the Union's own resources accruing from value added tax because Lithuania 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 1553/1989 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

The second paragraph of Article 2 of Implementing Decision 2011/335/EU is replaced by the following:

"It shall apply from 1 January 2012 until 31 December 2020 or until the entry into force of a directive amending the provisions of Articles 281 to 294 of Directive 2006/112/EC, whichever date is earlier."

Article 2

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

It shall apply from 1 January 2018.

Article 3

This Decision is addressed to the Republic of Lithuania.

Done at Brussels,

For the Council

The President