



Council of the
European Union

044472/EU XXV. GP
Eingelangt am 03/11/14

Brussels, 3 November 2014
(OR. en)

14739/14

Interinstitutional File:
2014/0288 (NLE)

FISC 177
ECOFIN 976

"I/A" ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. Cion doc.:	14222/14 FISC 154
Subject:	Council Implementing Decision authorising the Republic of Estonia to apply a measure derogating from point (a) of Article 26(1) and Articles 168 and 168a of Directive 2006/112/EC on the common system of value added tax - Adoption

1. On 13 October 2014 the Commission transmitted to the Council the abovementioned proposal for a Council Implementing Decision. This proposal aims to allow Estonia to introduce a measure derogating from the VAT Directive as regards the right of deduction in relation to passenger cars not wholly used for business purposes.
2. At its meeting on 15 October 2014 the Working Party on Tax Questions discussed the draft Implementing Decision as set out in doc. 14222/14 FISC 154. On this occasion the EE delegation suggested to align the wording of Article 3 with recital 5. The European Commission expressed a scrutiny reservation on the suggested change, which it lifted later on the same day. A subsequent "silence procedure" ending on 20 October 2014 was not broken by any delegation. However the DK, FR and UK delegations had previously expressed parliamentary scrutiny reservations on the proposal as a whole. Since then the DK and UK reservations have been lifted.

3. Once the FR reservation has been lifted, the Permanent Representatives Committee could suggest that the Council adopt the abovementioned Implementing Decision as finalised by the legal/linguistic experts in doc. 14521/14 FISC 163 ECOFIN 944 as an "A" item on the agenda of a forthcoming meeting.
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