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**2018/0006(CNS)**

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**FISC 30**  
**ECOFIN 24**

#### 'I/A' ITEM NOTE

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From: General Secretariat of the Council  
To: Permanent Representatives Committee/Council

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Subject: Amendments to the Directive on the common system of VAT and to the Regulation on administrative cooperation and combating fraud in the field of VAT as regards the special scheme for small enterprises  
– Adoption

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1. On 18 January 2018, the Commission tabled the legislative proposal for a Directive amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises.<sup>1</sup> The proposal consisted of:
  - i) revision of the rules on VAT exemption for small enterprises and
  - ii) simplification of VAT obligations for both exempt and non-exempt small enterprises.

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<sup>1</sup> Doc. 5334/18.

2. During the negotiations on this dossier it became apparent that "appropriate balance will have to be obtained by providing a fair and proportionate simplification of VAT obligations for small enterprises, while ensuring that appropriate measures of administrative co-operation (including IT solutions) between tax authorities of Member States are in place, so that the modified scheme for small enterprises is applied correctly, and does not lead to weakened tax control and increase of risks of VAT fraud/evasion."<sup>2</sup> With this objective in mind, amendments to the Regulation (EU) No. 904/2010 on administrative co-operation in the field of VAT were deemed to be necessary as well.
3. The opinion of the European Economic and Social Committee was issued on 23 May 2018<sup>3</sup>. The opinions of the European Parliament were issued on 11 September 2018 and on 15 January 2020.<sup>4</sup> The Committee of the Regions delivered an opinion on 10 October 2018<sup>5</sup>
4. The Permanent Representatives Committee is therefore invited to suggest that the Council adopt, as an "A" item on the agenda of a forthcoming meeting, the following act, as finalised by the legal/linguistic experts:
  - Council Directive amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises and Regulation (EU) No 904/2010 as regards the administrative cooperation and exchange of information for the purpose of monitoring the correct application of the special scheme for small enterprises, set out in doc. 14527/19 FISC 455 ECOFIN 1073.

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<sup>2</sup> See doc. 15082/18 (ECOFIN report to European Council on tax issues), point 99.

<sup>3</sup> OJ C 283, 10.8.2018, p. 35.

<sup>4</sup> P8\_TA(2018)0319 and P9\_TA(2020)0004.

<sup>5</sup> OJ C 461, 21.12.2018, p. 43.