DECISIONS

COUNCIL IMPLEMENTING DECISION (EU) 2016/2265

of 6 December 2016

amending Decision 2007/884/EC authorising the United Kingdom to continue to apply a measure derogating from Articles 26(1)(a), 168 and 169 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 tax ([1]), and in particular Article 395 thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) By virtue of Decision 2007/884/EC ([2]), the United Kingdom was authorised, until 31 December 2010, to restrict to 50 % the right of the hirer or lessee to deduct input value added tax ('VAT') on charges for the hire or lease of a car where that car was not used entirely for business purposes. The United Kingdom was also authorised not to treat as supplies of services for consideration the private use of a car hired or leased by a taxable person for his business purposes. Those measures ('the derogating measures') removed the need for the hirer or the lessee to keep records of private mileage travelled in business cars and to account for tax on the actual private mileage of such cars.

(2) Decision 2007/884/EC was subsequently amended by Implementing Decision 2011/37/EU ([3]) and by Implementing Decision 2013/681/EU ([4]), which extended the expiry date of the derogating measures to 31 December 2016.

(3) By letter registered with the Commission on 14 March 2016, the United Kingdom requested authorisation to extend the derogating measures.

(4) In accordance with the second subparagraph of Article 395(2) of Directive 2006/112/EC, the Commission informed the other Member States, by letter dated 28 June 2016, of the request made by the United Kingdom. By letter dated 28 June 2016, the Commission notified the United Kingdom that it had all the information necessary to consider the request.

(5) In accordance with Article 3 of Decision 2007/884/EC, the United Kingdom submitted a report to the Commission covering the application of the Decision, which included a review of the percentage restriction. The information provided by the United Kingdom shows that a restriction of the right of deduction to 50 % still reflects current circumstances as regards the ratio of business to non-business use of the vehicles concerned.

(6) The United Kingdom should therefore be authorised to continue to apply the derogating measures for a further limited period, until 31 December 2019.

([1]) OJ L 347, 11.12.2006, p. 1.
([2]) Council Decision 2007/884/EC of 20 December 2007 authorising the United Kingdom to continue to apply a measure derogating from Articles 26(1)(a), 168 and 169 of Directive 2006/112/EC on the common system of value added tax (OJ L 346, 29.12.2007, p. 21).
([3]) Council Implementing Decision 2011/37/EU of 18 January 2011 amending Decision 2007/884/EC authorising the United Kingdom to continue to apply a measure derogating from Articles 26(1)(a), 168 and 169 of Directive 2006/112/EC on the common system of value added tax (OJ L 19, 22.1.2011, p. 11).
([4]) Council Implementing Decision 2013/681/EU of 15 November 2013 amending Decision 2007/884/EC authorising the United Kingdom to continue to apply a measure derogating from Articles 26(1)(a), 168 and 169 of Directive 2006/112/EC on the common system of value added tax (OJ L 316, 27.11.2013, p. 41).

(7) Where the United Kingdom considers that a further extension beyond 2019 would be necessary, it should submit a report to the Commission, which includes a review of the percentage applied, together with an extension request by no later than 1 April 2019.

(8) The extension of the derogating measures will have only a negligible effect on the overall amount of tax revenue collected at the stage of final consumption and will have no adverse impact on the Union's own resources accruing from VAT.

(9) Decision 2007/884/EC should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

Article 3 of Decision 2007/884/EC is replaced by the following:

'Article 3

This Decision shall expire on 31 December 2019.

Any request for extension of the measures provided for in this Decision shall be accompanied by a report, submitted to the Commission by 1 April 2019, which includes a review of the percentage restriction applied on the right to deduct VAT on the hire or lease of cars not entirely used for business purposes.'.

Article 2

This Decision shall apply from 1 January 2017.

Article 3

This Decision is addressed to the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels, 6 December 2016.

For the Council
The President
P. KAŽIMÍR