DECISIONS

COUNCIL IMPLEMENTING DECISION (EU) 2017/2408

of 18 December 2017

authorising the Republic of Latvia 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 tax ([1]), and in particular Article 395 thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Under point 10 of Article 287 of Directive 2006/112/EC, Latvia may exempt from value added tax (VAT) taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 17 200 at the conversion rate on the day of its accession.

(2) By virtue of Council Implementing Decision 2010/584/EU ([2]), Latvia was authorised, as a derogating measure, to exempt taxable persons whose annual turnover was no higher than EUR 50 000 from VAT, until 31 December 2013. That measure was extended by Council Implementing Decision 2014/796/EU ([3]) and expires on 31 December 2017.

(3) By letter registered with the Commission of 3 July 2017, Latvia requested authorisation for a special measure in order to continue derogating from Article 287 of Directive 2006/112/EC and to decrease the exemption threshold to EUR 40 000 (the 'special measure').

(4) In accordance with Article 395(2) of Directive 2006/112/EC, the Commission informed the other Member States by letter dated 13 September 2017 of the request made by Latvia. The Commission notified Latvia by letter dated 14 September 2017 that it had all the information necessary to consider the request.

(5) Given that the special measure will result in reduced VAT obligations for small enterprises, Latvia 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) Based on information provided by Latvia, the special measure will have a negligible impact on the overall amount of tax revenue collected at the final stage of consumption.

(7) 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 will enter into force by 31 December 2020.

(8) The special measure has no impact on the Union's own resources accruing from value added tax because Latvia will carry out a compensation calculation in accordance with Article 6 of Council Regulation (EEC, Euratom) No 1553/89 ([4]),

([1]) OJ L 347, 11.12.2006, p. 1.
([2]) Council Implementing Decision 2010/584/EU of 27 September 2010 authorising the Republic of Latvia to apply a measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax (OJ L 256, 30.9.2010, p. 29).
([3]) Council Implementing Decision 2014/796/EU of 7 November 2014 authorising the Republic of Latvia to apply a measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax (OJ L 330, 15.11.2014, p. 46).
([4]) Council Regulation (EEC, Euratom) No 1553/89 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).

HAS ADOPTED THIS DECISION:

Article 1

By way of derogation from point 10 of Article 287 of Directive 2006/112/EC, the Republic of Latvia 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, whichever date is earlier.

Article 3

This Decision is addressed to the Republic of Latvia.

Done at Brussels, 18 December 2017.

For the Council
The President
K. SIMSON