COUNCIL IMPLEMENTING DECISION (EU) 2018/1921

of 4 December 2018

amending Implementing Decision 2013/191/EU authorising Latvia to introduce a special 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

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(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Council Implementing Decision 2013/191/EU ([2]) authorised Latvia to introduce a special measure derogating from point (a) of Article 26(1) and Articles 168 and 168a of Directive 2006/112/EC ('the special measure'). The authorisation to apply the special measure was subsequently amended and extended until 31 December 2018 by Council Implementing Decision (EU) 2015/2429 ([3]).

(2) The special measure limits the right of deduction to 50 % of value added tax (VAT) on the purchase, leasing, intra-Community acquisition and importation of passenger cars with a maximum authorised weight not exceeding 3 500 kilograms and having not more than eight seats in addition to the driver's seat, and expenditure related to the maintenance, repair and fuel of such passenger cars.

(3) By letter registered with the Commission on 20 June 2018, Latvia requested authorisation to continue to apply the special measure in order to restrict the right of deduction in relation to expenditure on certain passenger cars not wholly used for business purposes.

(4) The Commission transmitted the request made by Latvia to other Member States by letter dated 7 September 2018. By letter dated 10 September 2018, the Commission notified Latvia that it had all the information necessary for the appraisal of the request.

(5) As required by Article 6(2) of Implementing Decision (EU) 2015/2429, Latvia submitted a report including the review of the percentage set for the VAT deduction. Based on currently available information, Latvia claims that the limit of 50 % is still justifiable and remains appropriate.

(6) The extension of the special measure should be limited in time to allow for a review of its necessity and effectiveness and of the appropriate percentage. Given the positive impact of the special measure on the administrative burden for taxpayers and tax authorities, Latvia should therefore be authorised to continue to apply the special measure for a limited period, until 31 December 2021.

(7) If Latvia considers that a further extension of the special measure beyond 2021 is necessary, it should submit to the Commission a report that includes a review of the percentage applied, together with a request for an extension, by 31 March 2021.

(8) The special measure 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) Implementing Decision 2013/191/EU should therefore be amended accordingly,

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([1]) OJ L 347, 11.12.2006, p. 1.

([2]) Council Implementing Decision 2013/191/EU of 22 April 2013 authorising Latvia to introduce a special 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 (OJ L 113, 25.4.2013, p. 11).

([3]) Council Implementing Decision (EU) 2015/2429 of 10 December 2015 authorising Latvia to introduce a special 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 (OJ L 334, 22.12.2015, p. 15).

HAS ADOPTED THIS DECISION:

Article 1

Article 6 of Implementing Decision 2013/191/EU is replaced by the following:

'*Article 6*

1. This Decision shall apply as from 1 January 2016 and shall expire on 31 December 2021.

2. Any request for the extension of the authorisation provided for in this Decision shall be submitted to the Commission by 31 March 2021 and shall be accompanied by a report which includes a review of the percentage set out in Article 1.'

Article 2

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

It shall apply as from 1 January 2019.

Article 3

This Decision is addressed to the Republic of Latvia.

Done at Brussels, 4 December 2018.

For the Council
The President
H. LÖGER