

Council Directive 2006/112/EC of 28 November
2006 on the common system of value added tax

TITLE XIII

DEROGATIONS

CHAPTER 1

Derogations applying until the adoption of definitive arrangements

Section 1

Derogations for States which were members of the Community on 1 January 1978

Article 370

Member States which, at 1 January 1978, taxed the transactions listed in Annex X, Part A, may continue to tax those transactions.

Article 371

Member States which, at 1 January 1978, exempted the transactions listed in Annex X, Part B, may continue to exempt those transactions, in accordance with the conditions applying in the Member State concerned on that date.

Article 372

Member States which, at 1 January 1978, applied provisions derogating from the principle of immediate deduction laid down in the first paragraph of Article 179 may continue to apply those provisions.

Article 373

Member States which, at 1 January 1978, applied provisions derogating from Article 28 or from point (c) of the first paragraph of Article 79 may continue to apply those provisions.

Article 374

By way of derogation from Articles 169 and 309, Member States which, at 1 January 1978, exempted, without deductibility of the VAT paid at the preceding stage, the services of travel agents, as referred to in Article 309, may continue to exempt those services. That derogation shall apply also in respect of travel agents acting in the name and on behalf of the traveller.

Section 2

Derogations for States which acceded to the Community after 1 January 1978

Article 375

Greece may continue to exempt the transactions listed in points (2), (8), (9), (11) and (12) of Annex X, Part B, in accordance with the conditions applying in that Member State on 1 January 1987.

Article 376

Spain may continue to exempt the supply of services performed by authors, listed in point (2) of Annex X, Part B, and the transactions listed in points (11) and (12) of Annex X, Part B, in accordance with the conditions applying in that Member State on 1 January 1993.

Article 377

Portugal may continue to exempt the transactions listed in points (2), (4), (7), (9), (10) and (13) of Annex X, Part B, in accordance with the conditions applying in that Member State on 1 January 1989.

Article 378

1 Austria may continue to tax the transactions listed in point (2) of Annex X, Part A.

2 For as long as the same exemptions are applied in any of the Member States which were members of the Community on 31 December 1994, Austria may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions:

- a the transactions listed in points (5) and (9) of Annex X, Part B;
- b with deductibility of the VAT paid at the preceding stage, all parts of international passenger transport operations, carried out by air, sea or inland waterway, other than passenger transport operations on Lake Constance.

Article 379

1 Finland may continue to tax the transactions listed in point (2) of Annex X, Part A, for as long as the same transactions are taxed in any of the Member States which were members of the Community on 31 December 1994.

2 Finland may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the supply of services by authors, artists and performers, listed in point (2) of Annex X, Part B, and the transactions listed in points (5), (9) and (10) of Annex X, Part B, for as long as the same exemptions are applied in any of the Member States which were members of the Community on 31 December 1994.

Article 380

Sweden may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the supply of services by authors, artists and performers, listed in point (2) of Annex X, Part B, and the transactions listed in points (1), (9) and (10) of Annex X, Part B, for as long as the same exemptions are applied in any of the Member States which were members of the Community on 31 December 1994.

Article 381

The Czech Republic may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

Article 382

Estonia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

Article 383

Cyprus may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions:

- (a) the supply of building land referred to in point (9) of Annex X, Part B, until 31 December 2007;
- (b) the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

Article 384

For as long as the same exemptions are applied in any of the Member States which were members of the Community on 30 April 2004, Latvia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions:

- (a) the supply of services by authors, artists and performers, as referred to in point (2) of Annex X, Part B;
- (b) the international transport of passengers, as referred to in point (10) of Annex X, Part B.

Article 385

Lithuania may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

Article 386

Hungary may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

Article 387

For as long as the same exemptions are applied in any of the Member States which were members of the Community on 30 April 2004, Malta may, in accordance with

the conditions applying in that Member State on the date of its accession, continue to exempt the following transactions:

- (a) without deductibility of the VAT paid at the preceding stage, the supply of water by a body governed by public law, as referred to in point (8) of Annex X, Part B;
- (b) without deductibility of the VAT paid at the preceding stage, the supply of buildings and building land, as referred to in point (9) of Annex X, Part B;
- (c) with deductibility of the VAT paid at the preceding stage, inland passenger transport, international passenger transport and domestic inter-island sea passenger transport, as referred to in point (10) of Annex X, Part B.

Article 388

Poland may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

Article 389

Slovenia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

Article 390

Slovakia may, in accordance with the conditions applying in that Member State on the date of its accession, continue to exempt the international transport of passengers, as referred to in point (10) of Annex X, Part B, for as long as the same exemption is applied in any of the Member States which were members of the Community on 30 April 2004.

Section 3

Provisions common to Sections 1 and 2

Article 391

Member States which exempt the transactions referred to in Articles 371, 375, 376 or 377, Article 378(2), Article 379(2) or Articles 380 to 390 may grant taxable persons the right to opt for taxation of those transactions.

Article 392

Member States may provide that, in respect of the supply of buildings and building land purchased for the purpose of resale by a taxable person for whom the VAT on the purchase was not deductible, the taxable amount shall be the difference between the selling price and the purchase price.

Article 393

1 With a view to facilitating the transition to the definitive arrangements referred to in Article 402, the Council shall, on the basis of a report from the Commission, review the situation with regard to the derogations provided for in Sections 1 and 2 and shall, acting in accordance with Article 93 of the Treaty decide whether any or all of those derogations is to be abolished.

2 By way of definitive arrangements, passenger transport shall be taxed in the Member State of departure for that part of the journey taking place within the Community, in accordance with the detailed rules to be laid down by the Council, acting in accordance with Article 93 of the Treaty.

CHAPTER 2

Derogations subject to authorisation

Section 1

Simplification measures and measures to prevent tax evasion or avoidance

Article 394

Member States which, at 1 January 1977, applied special measures to simplify the procedure for collecting VAT or to prevent certain forms of tax evasion or avoidance may retain them provided that they have notified the Commission accordingly before 1 January 1978 and that such simplification measures comply with the criterion laid down in the second subparagraph of Article 395(1).

Article 395

1 The Council, acting unanimously on a proposal from the Commission, may authorise any Member State to introduce special measures for derogation from the provisions of this Directive, in order to simplify the procedure for collecting VAT or to prevent certain forms of tax evasion or avoidance.

Measures intended to simplify the procedure for collecting VAT may not, except to a negligible extent, affect the overall amount of the tax revenue of the Member State collected at the stage of final consumption.

2 A Member State wishing to introduce the measure referred to in paragraph 1 shall send an application to the Commission and provide it with all the necessary information. If the Commission considers that it does not have all the necessary information, it shall contact the Member State concerned within two months of receipt of the application and specify what additional information is required.

Once the Commission has all the information it considers necessary for appraisal of the request it shall within one month notify the requesting Member State accordingly and it shall transmit the request, in its original language, to the other Member States.

3 Within three months of giving the notification referred to in the second subparagraph of paragraph 2, the Commission shall present to the Council either an appropriate proposal or, should it object to the derogation requested, a communication setting out its objections.

4 The procedure laid down in paragraphs 2 and 3 shall, in any event, be completed within eight months of receipt of the application by the Commission.

Section 2

International agreements

Article 396

1 The Council, acting unanimously on a proposal from the Commission, may authorise any Member State to conclude with a third country or an international body an agreement which may contain derogations from this Directive.

2 A Member State wishing to conclude an agreement as referred to in paragraph 1 shall send an application to the Commission and provide it with all the necessary information. If the Commission considers that it does not have all the necessary information, it shall contact the Member State concerned within two months of receipt of the application and specify what additional information is required.

Once the Commission has all the information it considers necessary for appraisal of the request it shall within one month notify the requesting Member State accordingly and it shall transmit the request, in its original language, to the other Member States.

3 Within three months of giving the notification referred to in the second subparagraph of paragraph 2, the Commission shall present to the Council either an appropriate proposal or, should it object to the derogation requested, a communication setting out its objections.

4 The procedure laid down in paragraphs 2 and 3 shall, in any event, be completed within eight months of receipt of the application by the Commission.