

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

TITLE XII

SPECIAL SCHEMES

CHAPTER 2

Common flat-rate scheme for farmers

Article 295

- 1 For the purposes of this Chapter, the following definitions shall apply:
- (1) ‘farmer’ means any taxable person whose activity is carried out in an agricultural, forestry or fisheries undertaking;
 - (2) ‘agricultural, forestry or fisheries undertaking’ means an undertaking regarded as such by each Member State within the framework of the production activities listed in Annex VII;
 - (3) ‘flat-rate farmer’ means any farmer covered by the flat-rate scheme provided for in this Chapter;
 - (4) ‘agricultural products’ means goods produced by an agricultural, forestry or fisheries undertaking in each Member State as a result of the activities listed in Annex VII;
 - (5) ‘agricultural services’ means services, and in particular those listed in Annex VIII, supplied by a farmer using his labour force or the equipment normally employed in the agricultural, forestry or fisheries undertaking operated by him and normally playing a part in agricultural production;
 - (6) ‘input VAT charged’ means the amount of the total VAT attaching to the goods and services purchased by all agricultural, forestry and fisheries undertakings of each Member State subject to the flat-rate scheme where such tax would be deductible in accordance with Articles 167, 168 and 169 and Articles 173 to 177 by a farmer subject to the normal VAT arrangements;
 - (7) ‘flat-rate compensation percentages’ means the percentages fixed by Member States in accordance with Articles 297, 298 and 299 and applied by them in the cases specified in Article 300 in order to enable flat-rate farmers to offset at a fixed rate the input VAT charged;
 - (8) ‘flat-rate compensation’ means the amount arrived at by applying the flat-rate compensation percentage to the turnover of the flat-rate farmer in the cases specified in Article 300.
- 2 Where a farmer processes, using means normally employed in an agricultural, forestry or fisheries undertaking, products deriving essentially from his agricultural production, such processing activities shall be treated as agricultural production activities, as listed in Annex VII.