Council Implementing Decision (EU) 2018/1918 of 4 December 2018 authorising the United Kingdom to apply a special measure derogating from Articles 16 and 168 of Directive 2006/112/EC on the common system of value added tax

COUNCIL IMPLEMENTING DECISION (EU) 2018/1918

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authorising the United Kingdom to apply a special measure derogating from Articles 16 and 168 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 Decision 2006/659/EC[(2)] authorised the United Kingdom to apply a special simplification measure ('the measure') in order to determine on a flat-rate basis the proportion of non-deductible value added tax (VAT) relating to expenditure on fuel in business cars not exclusively used for business purposes. The system, which is optional for taxable persons, is based on the level of carbon dioxide (CO_2) emissions from the car, as there is a proportional correlation between emissions and fuel consumption and therefore with expenditure on fuel.

(2) Decision 2006/659/EC was replaced by Council Implementing Decision (EU) 2015/2109[(3)], which will expire on 31 December 2018.

(3) By letter registered with the Commission on 27 April 2018, the United Kingdom requested authorisation to continue to apply the measure until 31 December 2020.

(4) The Commission informed the other Member States of the request made by the United Kingdom in a letter dated 11 June 2018. By letter dated 12 June 2018, the Commission notified the United Kingdom that it had all the information necessary to consider the request.

(5) As required by Article 4 of Implementing Decision (EU) 2015/2109, the United Kingdom submitted a report on the functioning of the special measure. According to the United Kingdom, the arrangement has led to a simplification, both for taxable persons and for the tax administration, of the procedure for collecting VAT in relation to expenditure on fuel for business cars.

(6) It is therefore appropriate that the United Kingdom be authorised to apply the measure until 31 December 2020.

Changes to legislation: *There are outstanding changes not yet made to Council Implementing Decision (EU) 2018/1918. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

(7) The derogating measure will have no adverse impact on the Union's own resources accruing from VAT,

HAS ADOPTED THIS DECISION:

Article 1

By way of derogation from Articles 16 and 168 of Directive 2006/112/EC, the United Kingdom is authorised from 1 January 2019 until 31 December 2020 to fix on a flat-rate basis the proportion of VAT relating to expenditure on fuel used for private purposes in business cars.

Article 2

The proportion of the tax referred to in Article 1 shall be expressed in fixed amounts, established on the basis of the CO_2 emission level of the type of vehicle, that reflect fuel consumption. The United Kingdom shall adjust those fixed amounts annually to reflect changes in the average cost of fuel.

Article 3

The system set up on the basis of this Decision shall be optional for taxable persons.

Article 4

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

Done at Brussels, 4 December 2018.

For the Council

The President

H. LÖGER