

COUNCIL IMPLEMENTING DECISION (EU) 2022/865**of 24 May 2022****authorising the Czech Republic to introduce 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(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) Article 287, point (7), of Directive 2006/112/EC allows the Czech Republic (Czechia) to exempt from value added tax (VAT) taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 35 000 at the conversion rate on the day of its accession.
- (2) By letter registered with the Commission on 23 November 2021, Czechia requested an authorisation to introduce a special measure derogating from Article 287, point (7), of Directive 2006/112/EC and thus to exempt from VAT taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 85 000 at the conversion rate on the day of its accession ('the special measure'). The special measure would be applicable until 31 December 2024, the date by which Member States are to transpose Council Directive (EU) 2020/285 ⁽²⁾. It follows from that Directive that, from 1 January 2025, Member States will be allowed to exempt from VAT the supply of goods and services made by taxable persons whose annual turnover in a given Member State does not exceed a threshold of EUR 85 000 or the equivalent in national currency.
- (3) Pursuant to Article 395(2), second subparagraph, of Directive 2006/112/EC, the Commission transmitted the request made by Czechia to the other Member States by letter dated 16 December 2021. By letter dated 20 December 2021, the Commission notified Czechia that it had all the information necessary for the appraisal of the request.
- (4) The special measure is in line with Directive (EU) 2020/285, which seeks to reduce the compliance burden of small enterprises and avoid distortions of competition in the internal market.
- (5) The special measure will remain optional for taxable persons as they may still opt for the normal VAT arrangements pursuant to Article 290 of Directive 2006/112/EC.
- (6) According to the information provided by Czechia, the special measure will only have a negligible effect on the overall amount of tax revenue Czechia collects at the stage of final consumption.
- (7) Following the entry into force of Council Regulation (EU, Euratom) 2021/769 ⁽³⁾, there is to be no compensation calculation carried out by Czechia with regard to the VAT own resource statement for the financial year 2022 onwards.

⁽¹⁾ OJ L 347, 11.12.2006, p. 1.

⁽²⁾ Council Directive (EU) 2020/285 of 18 February 2020 amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises and Regulation (EU) No 904/2010 as regards the administrative cooperation and exchange of information for the purpose of monitoring the correct application of the special scheme for small enterprises (OJ L 62, 2.3.2020, p. 13).

⁽³⁾ Council Regulation (EU, Euratom) 2021/769 of 30 April 2021 amending Regulation (EEC, Euratom) No 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from value added tax (OJ L 165, 11.5.2021, p. 9).

- (8) Given that Czechia expects that the special measure will result in reduced VAT obligations and thus a reduction in the administrative burden and compliance costs for both small enterprises and the tax authorities, and given the lack of any major impact on the total VAT revenue generated, Czechia should be authorised to introduce the special measure.
- (9) The application of the special measure should be limited in time. The time limit should be sufficient to allow the Commission to evaluate the effectiveness and appropriateness of the threshold. Moreover, pursuant to Article 3(1) of Directive (EU) 2020/285, Member States are to adopt and publish, by 31 December 2024, the laws, regulations and administrative provisions necessary to comply with Article 1 of that Directive, which amends Directive 2006/112/EC and lays down simpler VAT rules for small enterprises, and apply those provisions from 1 January 2025. It is therefore appropriate to authorise Czechia to apply the special measure until 31 December 2024,

HAS ADOPTED THIS DECISION:

Article 1

By way of derogation from Article 287, point (7), of Directive 2006/112/EC, Czechia is authorised to exempt from VAT taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 85 000 at the conversion rate on the day of its accession.

Article 2

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

It shall apply until 31 December 2024.

Article 3

This Decision is addressed to the Czech Republic.

Done at Brussels, 24 May 2022.

For the Council
The President
B. LE MAIRE
