

Council of the European Union: Extension of Temporary VAT Arrangements for TV Broadcasting

IRIS 2007-1:1/46

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The Council of the European Union adopted the Council Directive 2006/138/EC on 19 December 2006, extending the period of application of VAT arrangements applicable to radio and television broadcasting and certain electronically supplied services until 31 December 2008.

These arrangements were first introduced by the Council Directive 2002/38/EC of 7 May 2002 (see IRIS 2002-6: 5), the so-called “e-commerce VAT” Directive, temporarily amending Directive 77/388/EEC (the 6th VAT Directive). They concern the determination for VAT purposes of the place of supply of certain services. Whereas under the general VAT rules the place of supply is determined by the location of the supplier, the place of supply for radio and television broadcasting services and certain electronically supplied services is considered to be where the customer is located.

The main objective of these arrangements was to rectify certain shortcomings of the 6th VAT Directive. The provisions prior to 2002, in addition to failing to tax electronic services provided by third country operators to EU customers, imposed taxes on services provided by European operators regardless of where their customers were located. This state of affairs put European operators at a competitive disadvantage. The Council Directive 2002/38/EC also included simplified registration and reporting obligations to assist compliance by non-EU operators, allowing them to deal with a single European tax administration of their choice.

Despite the Commission’s proposal in May 2006 to extend these arrangements until 31 December 2008, the Council had previously extended them only until 31 December 2006 (see IRIS 2006-7: 5). The 6th VAT Directive having been recast into Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, the present Directive directly amends the recast version.

Council Directive 2006/138/EC of 19 December 2006 amending Directive 2006/112/EC on the common system of value added tax as regards the period of application of the value added tax arrangements applicable to radio and television broadcasting services and certain electronically supplied services

http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_384/l_38420061229en00920093.pdf

