



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax administration
Value Added Tax

**Group on the Future of VAT
43rd meeting – 9 November 2023**

taxud.c.1(2023)11144240 – EN

Brussels, 20 October 2023

GROUP ON THE FUTURE OF VAT

GFV N° 129

**Exemptions for international organisations
Electronic exemption certificate**

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1. INTRODUCTION

Annex II of Council Implementing Regulation (EU) No 282/2011¹ (VAT Implementing Regulation) provides for a VAT and/or Excise Duty exemption certificate, which serves to confirm that a transaction qualifies for the exemption under the first subparagraph of Article 151(1) of the VAT Directive². Under the current law, this certificate is to be handled as a paper version, to be signed in hand.

As part of its legislative proposal of 12 April 2021³ (so-called “buy and donate” proposal), the Commission suggested introducing an electronic form and procedure for the exemption certificate to help Member States to cope better with the challenges of the digital age and to reduce administrative burdens associated with the use of the paper version.

However, when adopting the corresponding amendments to the VAT Directive in July 2021⁴, the Council decided to set aside the proposed transformation of the exemption certificate from the current paper version into an electronic form and procedure.

During the 36th meeting of the Group on the Future of VAT on 6 December 2021, there was a clear support for the VAT and/or Excise Duty exemption certificate to be transformed into an electronic form but before reflecting on any steps in that direction, it was found necessary first to study implementation aspects such as feasibility and costs⁵.

During the 24th meeting of the SCAC Expert Group on 10 May 2022, Member States’ delegates agreed to give a mandate to SCIT to study the feasibility and cost of such a project as well as its implementation aspects⁶.

The outcome of this study⁷, including a presentation of the most feasible options identified by SCIT, was discussed during the 27th meeting of the SCAC Expert Group on 7 February 2023⁸. Following this discussion, Member States were invited to communicate their preferred option and inform on their capacity of implementation.

2. SUBJECT MATTER

The Commission services strongly believe that the time is more than ripe for having an electronic exemption certificate put in place, being crucial to respond to the need for fast and

¹ Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (OJ L 77, 23.3.2011, p. 1).

² Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1), as amended.

³ Proposal for a Council Directive amending Directive 2006/112/EC as regards exemptions on importations and on certain supplies, in respect of Union measures in the public interest (COM(2021) 181 final).

⁴ Council Directive (EU) 2021/1159 of 13 July 2021 amending Directive 2006/112/EC amending Directive 2006/112/EC as regards temporary exemptions on importations and on certain supplies, in response to the COVID-19 pandemic ([OJ L 250, 15.07.2021, p. 1](#)).

⁵ See minutes of the meeting, document GFV No 114.

⁶ See minutes of the meeting, document SCAC-EG No 146.

⁷ See technical study annexed to document SCIT 214

⁸ See working paper SCAC-EG No 158 and minutes of the meeting, document SCAC-EG No 159.

non-bureaucratic procedures. In addition, the possible use of a qualified electronic signature allows for compliance with other legal requirements.

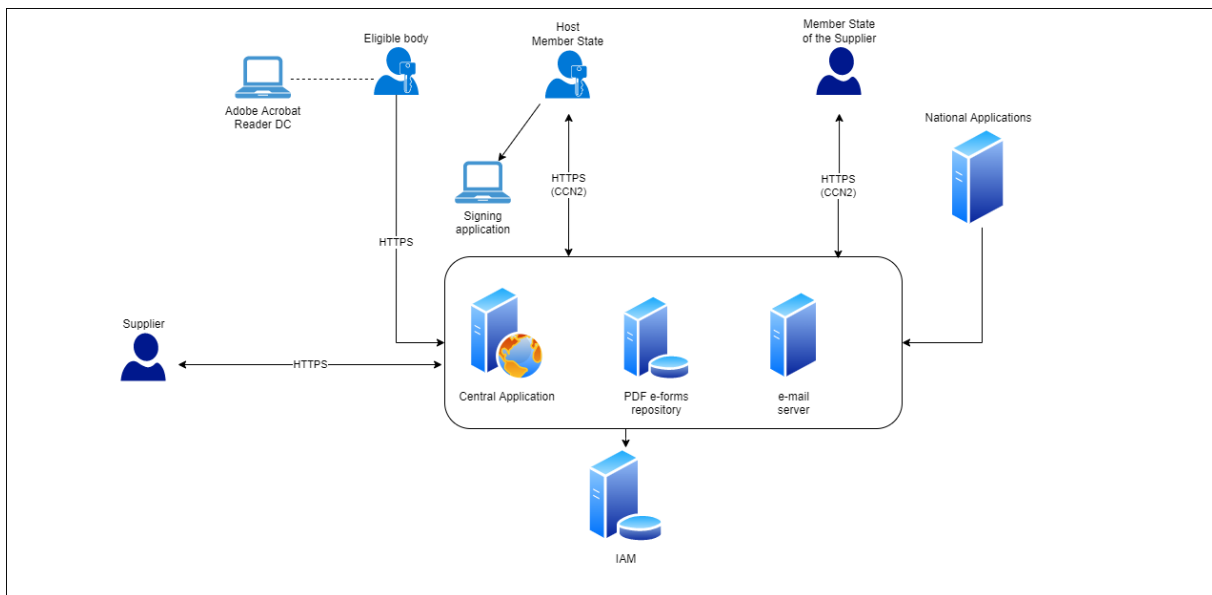
During its work on the technical study, SCIT has assessed and analysed different options of technical and practical implementation of an electronic exemption certificate, namely:

- Option 1: Stand-alone PDF e-form;
- Option 2: PDF e-form with central application for Member States;
- Option 3: PDF e-form with complete e-process;
- Option 4: PDF e-form with central application and VAT national portal;
- Option 5: Central web application, based on improved eFCA⁹ web electronic forms.

After Options 1 and 5 had been discarded at an early stage as presenting no added value or advantages compared to others, SCIT focussed its work on option 2 (section 3.2 of the study), option 3 (section 3.3 of the study) and option 4 (section 3.4 of the study).

Based on the comments received following the 27th meeting of the SCAC Expert Group on 7 February 2023, **option 3 has emerged as the most acceptable one, which also received the greatest support from the delegates of the Member States that provided feedback.**

This option, which entails a PDF e-form accompanied by a complete electronic process, could work as follows:



In this option, the eligible body (e.g. an EU Institution) produces the PDF certificate, signs it using advanced electronic signature, and puts it in the data base. The Host Member State can retrieve these certificates, verify them, sign them if needed and put them back in the data base. The PDF certificates are accessible to the Member State of the supplier. Suppliers can also directly retrieve from the data base any PDF certificates pertaining to them.

Under this option, the parties involved would need to execute the following tasks:

⁹ e-Forms Central Application

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Eligible Body	Host Member State	Member State of Supplier	Supplier
<ul style="list-style-type: none">- Produce and sign the PDF certificate- Connect to the data base, with access granted by the Host Member State	<ul style="list-style-type: none">- Sign the PDF certificate- Grant access to the data base to the eligible body (via UUM&DS¹⁰)	<ul style="list-style-type: none">- Grant access to the data base to the suppliers (via UUM&DS)	<ul style="list-style-type: none">- Connect to the data base to retrieve the PDF certificates pertaining to them

The estimated budget, just for DG TAXUD, to implement and operate the solution (for the first 5 years) is EUR 2 900 000. The costs for the Member States are evaluated to be low.

However, the Commission services are aware that there will have to be a certain transitional period during which the paper version can continue to be used in parallel, in view of the challenges linked with the introduction of an electronic exemption certificate.

3. QUESTIONS TO THE DELEGATES

The delegates are invited to express their views on the proposal to base the establishment and implementation of the electronic exemption certificate on the option as described above.

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¹⁰ UUM&DS allow to federate the Identity and Access Management systems of the Member States. Concretely, it means that the Member States will manage themselves the authorisation and accesses that their economic operators have on the central database.