



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

taxud.c.1(2025)7506427 – EN

Brussels, 30 June 2025

**VALUE ADDED TAX COMMITTEE
(ARTICLE 398 OF DIRECTIVE 2006/112/EC)
WORKING PAPER NO 1112 FINAL**

MINUTES

**127TH MEETING
– 14 MAY 2025 –**

The Chair welcomed the delegations to the non-public 127th meeting of the VAT Committee that took place in the form of a videoconference.

Next meeting: the 128th meeting is likely to take place in November 2025 and will most likely be a physical meeting.

Update on work by the Commission

The Chair informed delegations about the following:

- VIDA package Implementation:
 - (i) *Digital Reporting Requirements (DRR) and electronic invoicing*: a very successful Fiscalis workshop took place in Vienna from 8 to 10 April 2025 on the rules applicable from 1 July 2030.
 - (ii) *Platform economy*: a Fiscalis workshop will be organised in Madrid in September 2025 to prepare the work on the Explanatory notes and various technical aspects regarding the rules applicable from 1 July 2028;
 - (iii) *Single VAT Registration (SVR)*: work is ongoing (i) in the framework of Fiscalis Project Group (FPG) 53 on better securing of the Import One Stop Shop (IOSS), (ii) in FPG 46 on the additional technical improvements regarding the IOSS monthly listings; (ii) regarding the amendments to Commission Implementing Regulation (EU) No 194/2010 linked to the extension of the Union OSS and the implementation of the transfer of own goods scheme and the end of the call-off stock arrangements.
- Study on the challenges of VAT beyond ViDA: launched in December 2024, the *study* has three pillars: (i) simplification, (ii) digitalisation, and (iii) alignment of VAT rules with environmental policy. Its main aim is to identify critical weaknesses and inefficiencies in the current VAT system and propose targeted improvements towards effectiveness, and assess the feasibility and consequences of the solutions identified. It is not an Impact assessment and does not anticipate any proposals. Already announced initiatives, such as travel and tourism or financial services, as well as recent reforms, such as the one on VAT rates, are excluded from the scope of the study. Consultations will be ongoing until June 2025 to gather expert views from different categories of stakeholders at national, European, and international levels, including all of the 27 Member States' tax authorities, other governmental bodies, business federations, companies, tax experts, academics, and non-governmental organisations. The *Inception Report* was presented by the contractor to Member States' delegates at the meeting of the Group on the Future of VAT of 28 March 2025. The *Final Report* is expected towards the end of 2025.
- SME scheme – Implementation: new rules regarding the SME scheme introduced by Council Directive (EU) 2020/285 apply as from 1 January 2025. Some Member States are late in notifying their legislation and/ or are still facing delays in their IT implementation. As regards the *SME Web Portal*, the Chair invited the delegations that had not yet completed the information on their national rules to do so as soon as possible. Regarding the *new SME module* that have been added to the *Taxes-in-Europe database (TEDB)*, the Chair invited the delegations that had not yet reported their threshold(s) to do so without delay. In view of the delays in reporting these thresholds, the *VAT simulator* - available on the SME Web Portal to provide non-binding

information on the potential eligibility of small enterprises to apply the cross-border SME scheme based on their annual turnover in the 27 Member States - will be launched in the coming days but with reduced coverage. An *SME communication campaign* carried out by an external contractor is ongoing to promote the new rules to stakeholders. Finally, regarding *SME statistics*, amendments to Implementing Regulation (EU) No 79/2012 will most likely be discussed in the Standing Committee on Administrative Cooperation (SCAC) in the autumn 2025.

- Relief from import duties and VAT exemption on importation granted for goods to be distributed or made available free of charge to persons fleeing Russia's military aggression against Ukraine and to persons in need in Ukraine: following the interest expressed by PL and LT to continue the relief from import duties and exemption from VAT, Commission Decision (EU) 2025/676 was adopted on 3 April and is applicable until 31 December 2025.

Topical issues in the Council

The Chair briefly mentioned the latest developments in Council:

- VAT in the Digital Age (ViDA): the package had formally been adopted by the Council on 11 March 2025 and was published in the EU's Official Journal OJ L, 2025/516 on 25 March 2025. The most important dates of application of the different parts of the package are as follows:
 - o 14 April 2025, for the introduction of domestic e-invoicing rules dispensing with the need for a VAT derogation;
 - o 1 January 2027, for the revision of the OSS and IOSS schemes;
 - o 1 July 2028, for the Platform Economy, the Single VAT Registration (SVR) part and the mandatory reverse charge for non-identified suppliers;
 - o 1 July 2030, for Digital DR on cross-border B2B transactions.
- Import One Stop Shop (IOSS): VAT part in the customs reform (COM(2023) 262 final of 17.5.2023): a political agreement was reached at the ECOFIN on 13 May linked to new e-commerce rules as regards the incentivisation of the IOSS. Under these new rules, the supplier of distance sales of imported goods will systematically become liable for the import VAT. If no use is made of the IOSS, the (deemed) supplier will have to register in every Member State where it has customers. This agreement took place after the proposal was split and the two remaining items, namely the possible extension of the scope of the IOSS to small consignments above €150 and in relation to supplies from certain customs warehouses, have been referred to further discussions alongside the Customs reform. In this regard, the European Parliament needs to be reconsulted.
- Electronic VAT exemption certificate: the Council adopted on 18 February 2025 Council Directive (EU) 2025/425 amending Directive 2006/112/EC as regards the electronic value added tax exemption certificate. A Fiscalis workshop on the technical implementation of the VAT/Excise exemption certificate will be organised towards the end of 2025.
- Proposal for a Council Regulation establishing the Security Action for Europe (SAFE) through the reinforcement of European defence industry instrument

(COM(2025) 122 final): in its Article 20, this proposal includes a VAT exemption on importation and supply of defence products subject to common procurement financed under this instrument. That exemption should only apply at the final stage when the army procures defence products as there is no economic rationale to apply this exemption throughout the supply chain.

1. ADOPTION OF THE AGENDA

(Document taxud.c.1(2025)5005014)

The agenda was adopted as proposed.

2. REPORT ON THE RESULTS OF THE WRITTEN PROCEDURES

2.1. Minutes from the previous meetings

The Chair mentioned that:

- the *minutes from the 124th meeting* of 11 April 2024 had been uploaded on CIRCABC on 9 January 2025 (Working Paper No 1087 FINAL);
- the *minutes from the 125th meeting* of 18 November 2024 had been uploaded on CIRCABC on 27 January 2025 (Working Paper No 1099 FINAL);
- the *minutes from the 126th meeting* of 21 March 2025 had been uploaded on CIRCABC on 5 May 2025 (Working Paper No 1109 FINAL).

2.2. Guidelines from previous meetings

The Chair indicated that since the last ordinary meeting on 18 November 2024, the following guidelines had been agreed and made available on CIRCABC and on the Directorate-General's public [website](#).

Guidelines from the 125th meeting

The almost unanimous guideline on single-purpose vouchers (resulting from CJEU Case C-68/23 *Finanzamt O* (Bons à usage unique)) and the interpretation of Articles 2(1)(c), 30a, 30b, 31, 44, 47 and 58 was published on CIRCABC on 23 April 2025.

3. CONSULTATIONS PROVIDED FOR UNDER DIRECTIVE 2006/112/EC

3.1 Origin: Slovakia

Reference: Article 11

Subject: VAT grouping

(Document taxud.c.1(2025)3899770 – Working paper No 1104)

The Commission services presented the Working paper on a consultation by Slovakia based on Article 11 regarding envisaged changes in their national legislation on VAT groups. In their analysis, the Commission services made several remarks in respect of the draft Slovakian legislation in relation to: (i) mandatory versus voluntary VAT grouping scheme; (ii) the notion of being closely bound; (iii) the impact on the operation of the SME scheme, for which they asked for confirmation and/or further clarifications.

The Chair thus invited the Slovakian delegation to comment on the matters raised in the Working paper.

The Slovakian delegation thanked the Commission services for having dealt with their consultation and the analysis in the Working paper. On the parallel application of a mandatory and a voluntary VAT grouping scheme, the Slovakian delegation fully agreed with the assessment in the Working paper and confirmed that the territorial scope related to the mandatory VAT grouping will remain the same as for the voluntary scheme and that a mandatory VAT grouping can thus only be imposed on taxable persons established in the territory of Slovakia. Regarding the notion of being closely bound, the Slovakian delegation indicated that, based on their analysis and with the experience derived from identified abusive practices carried out by legal entities such as the limited liability companies targeted by the envisaged VAT grouping amendments, it does not seem likely that self-employed persons will be involved in such abusive schemes, considering also that self-employed persons are, under Slovakian law, liable for their business obligations with all their assets. Nevertheless, the Slovakian delegation stated their readiness to keep an eye on the situation and adopt further legal measures should that appear necessary in the future. Regarding the impact on the SME scheme, the Slovakian delegation agreed with the assessment in the Working paper, explaining that if one or more of the taxable persons established in Slovakia mandated to use VAT grouping already apply the SME exemption in any other Member State, the VAT group itself may only apply the exemption if the combined Union annual turnover of the members of the VAT group does not exceed the Union threshold of EUR 100 000, and under the VAT group own EX number. Finally, the Slovakian delegation agreed that such cases should not occur often but indicated that should they arise, they would treat them accordingly.

No other delegation asked for the floor.

The Chair thanked the Slovakian delegation for the explanations and concluded that the VAT Committee took note of their consultation under Article 11 of the VAT Directive on VAT grouping.

4. QUESTIONS CONCERNING THE APPLICATION OF EU VAT PROVISIONS

- 4.1** Origin: France
 References: Article 9
 Subject: VAT treatment of reinjections of electricity from private individuals' car batteries into the electricity grid
 (Document taxud.c.1(2025)5000725 – Working paper No 1106)

The Commission services presented the Working paper that had been drafted following a question submitted by France on the VAT treatment of reinjections of electricity from private individuals' cars into the electricity grid. In particular, France asks whether individual customers who have an electric vehicle fitted with a bi-directional charger and a bi-directional charging terminal at their home, allowing these customers to discharge energy contained in their vehicle's battery back into the grid, must be regarded as taxable persons carrying out an economic activity within the meaning of the VAT Directive.

In their analysis, the Commission services took the view that private individuals who own electric vehicles fitted with a bi-directional charger and who have at their home a bi-directional charging terminal allowing to reinject electricity into the grid are not, for this

activity, taxable persons carrying out an economic activity within the meaning of Article 9. It was nevertheless stressed that this conclusion is to a large extent dependent on the specific factual circumstances of the case (namely that the private individual cannot decide when and how much electricity is reinjected into the grid and that the price of the electricity flowing in both directions is the same) and it cannot be discarded that future technological developments could see changes in the way these transactions are carried out leading to consider them as carried out within the framework of an economic activity.

Before opening the floor to all delegations, the Chair thanked the French delegation for their question and invited them to comment on the analysis in the Working paper.

The French delegation thanked the Commission services for preparing the paper and the analysis, and also for the clear presentation. Unlike the Commission services, the French delegation is of the view that the private individuals who own electric vehicles fitted with a bi-directional charger and who have at their home a bi-directional charging terminal are taxable persons carrying out an economic activity for VAT purposes. In the opinion of the French delegation, these private individuals are, if not producers of electricity, at least ‘buyers and resellers’ subject to VAT as they have an installation designed not only for receiving energy but also for supplying it to the grid and enter into a contract with the energy supplier for an indefinite duration. The French delegation indicated that even if these private individuals were not to be considered taxable persons, the price reductions granted by the electricity company for the electricity injected back into the grid could still not reduce the taxable base of the electricity supplied. In their view, the electricity reinjected back into the grid from the vehicle battery is a separate supply of electricity and there is no offset or compensation between the two supplies – from the electricity supplier to the private individual and from the private individual to the electricity company. Finally, the French delegation stressed that they would be interested to hear the views of the Commission services and other delegations on these issues.

Twelve delegations took the floor in the ensuing discussion some of which indicated that they have so far not been confronted with such contracts for reinjection of electricity from a vehicle’s battery back into the electricity grid.

The vast majority of these delegations generally agreed with the Commission services’ analysis. One delegation stressed indeed the need to look at each individual case as it is not known what is written in an individual contract.

Two delegations were unsure whether they could agree with the Commission services’ analysis. One of these delegations indicated that considering the pace of technological developments, one should be careful in concluding that these transactions are not covered by the scope of VAT. The other delegation was of the view that considering its complexity, the issue should be further analysed, in particular how to treat the case at hand and whether there is a real transfer of ownership of the electricity whilst the vehicle is connected to the grid and the time when such a transfer of ownership takes place, including where the electricity is reinjected back into the grid to another electricity supplier different from the one from which the vehicle’s battery was originally charged. In this latter case, this delegation referred to the possibility for this to be a special type of loan from the car owner to the electricity supplier.

One delegation indicated to have already experience with a similar issue. The assessment of whether the private individual qualifies as a taxable person is carried out on a case-by-case basis and if a private person supplies electricity on a continuous basis, he/ she is regarded as a taxable person but this delegation considers the transaction to be a provision of services and not a supply of goods (electricity). The compensation is seen as consideration for staying connected to and making the energy contained in the vehicle's battery available to the electricity grid even if electricity from the vehicle's battery is ultimately not used.

In the discussion, several delegations also indicated that in view of the complexity of the issue, further reflections would be necessary before establishing any guidelines.

The Commission services thanked the delegations for their comments, indicating their understanding of the doubts expressed by some of the delegations and stressing again that the analysis and the assessment depends to a great extent on the circumstances of the individual case and the specificities of the associated contract. On the issue of the taxable amount raised by the French delegation, the Commission services indicated that if during the time a car stays connected to the grid its battery is charged followed by a reinjection of electricity back into the grid with this repeated several times, each transaction would need to be treated separately and no offset could take place between the supply of electricity from the electricity supplier to the car owner and the reinjection from the car battery back into the grid, were the owner of the car to be considered a taxable person who could however fall under the exemption of the SME scheme. The French delegation confirmed that that was indeed their question and understanding of the case.

Concluding the discussion, the Chair stated that the Commission services would reflect on the appropriate way forward.

4.2 Origin: Italy
 References: Articles 73 and 80
 Subject: Taxable amount in the case of barter transactions
 (Document taxud.c.1(2025)5002943 – Working paper No 1107)

The Commission services presented the Working paper that had been drafted in response to a question submitted by Italy about the determination of the taxable amount of barter transactions. In particular, Italy asks (i) whether a Member State may equate barter with the presence of legal ties pursuant to Article 80, so that the open market value can be used for levying the VAT on such barter transactions when the conditions in that provision are fulfilled; and (ii) which criteria may be used to determine the taxable amount of self-produced goods and intellectual work services, when it is not possible to use the open market value and the cost criterion is either not adequately representing the value of the goods and services subject to the barter or not immediately applicable.

In their analysis, the Commission services recalled the settled case-law of the Court of Justice of the European Union (CJEU) in relation to barter transactions and were of the view that the existence of family or other close personal ties, management, ownership, membership, financial or legal ties, as referred to in Article 80 paragraph 1, between the parties to a barter transaction needs to be assessed on a case-by-case basis. Such ties cannot be assumed to exist between the parties in all transactions for which the consideration is in kind, as suggested by Italy, as that translates into deeming all parties to a barter transaction to be closely connected for which Article 80 provides no basis. The

Commission services also recalled, as ruled by the CJEU, that Article 80 paragraph 1 points (a), (b) and (c) comprise an exhaustive list of the circumstances in which a Member State may levy VAT on a transaction based on its open market value rather than the consideration actually paid, so that Member States cannot use the open market value in cases other than those listed in that provision. For a transaction in kind, the taxable amount corresponds to the monetary value of the goods or services supplied in consideration for that transaction and includes, as held by the CJEU in its case-law, all expenses borne by the recipient to obtain the supply, including the costs of incidental services connected with the supply.

Before opening the floor to all delegations, the Chair thanked the Italian delegation for their question and invited them to comment on the analysis in the Working paper.

The Italian delegation thanked the Commission services for dealing with their question and the analysis in the Working paper. The Italian delegation explained in detail the background of their question and the difficulties experienced in applying the cost criteria for determining the taxable amount of barter transactions involving self-produced goods and intellectual work services, and expressed their interest to know whether other delegations experience similar difficulties.

In the ensuing discussions, six delegations took the floor and they all agreed with the opinion of the Commission services. One delegation also explained that the supply of land in exchange for the construction of a building is the most common type of barter contract and indicated that establishing the taxable amount is not, in their experience, that difficult. Another delegation indicated that the established case-law of the CJEU on the subject is to be followed.

The Chair thanked the delegations for their comments and concluded the discussion.

5. NEW LEGISLATION – MATTERS CONCERNING THE IMPLEMENTATION OF RECENTLY ADOPTED EU VAT PROVISIONS

5.1 Origin: Commission
 References: New Articles 284a, 284b, 284c and 288 of the VAT Directive
 Subject: Calculation of the annual turnover serving as reference for the
 SME scheme
 (Document taxud.c.1(2025)5004879 – Working paper No 1108)

The Commission services presented the Working paper the objective of which was to further clarify, thus ensuring a uniform understanding of, the calculation of the turnover of small businesses wanting to benefit from the SME scheme, in particular (i) what to report in the prior notification under Article 284a, (ii) what to report each quarter under Article 284b, and (iii) how to calculate the annual turnover under Article 288. With regard to the latter, the Commission services went through and explained the scope of each category laid down in Article 288.

Fourteen delegations took the floor in the discussion that followed, welcoming the further clarifications provided in the paper.

More than half of these delegations asked for guidelines to be prepared.

Three delegations asked for further clarifications regarding the explanations on the calculation of the annual turnover as far as exempt intra-Community supplies and transfers of goods to another Member State under *section 4.4.d* of the Working paper are concerned, as these delegations had doubts about the consistency between what is mentioned in that section of the Working paper and the examples under *section 2.4* of the Explanatory Notes on the SME scheme. In reply, the Commission services indicated that they would look into the matter.

One delegation inquired about the treatment of subsequent amendments/ corrections to the turnover as these are, unlike for e-commerce, not mentioned in the VAT Directive, in particular whether and how such corrections will affect the calculation of the annual turnover, including where it is the taxable person who makes these corrections due to mistakes previously made in encoding values which he or she would want to subsequently correct. This delegation welcomed a further discussion on this issue which had not been examined in the paper considering its importance. In reply, the Commission services explained that corrections are indeed not covered in the paper and whilst there are no provisions on corrections in the VAT Directive, it is very important to have a common understanding and a uniform approach and referred to the possibility to examine this further.

Another delegation referred to issues with potential distortion of competition and shifts of economic activity that may arise where a small business established in a Member State applying a low VAT rate makes exempt supplies across the EU, this in view of the calculation of the annual turnover as far as the fourth category related to exempt intra-Community supplies are concerned as set out under *section 4.4.d* of the Working paper. In reply, the Commission services took note of the concern expressed which merited further reflection. One delegation also reacted explaining the reason why, in their view, there is no issue with exempt intra-Community supplies and transfers of goods to another Member State, namely that when a taxable person applies the SME scheme in one Member State, it cannot apply the exemption in Article 138 as these supplies will instead be exempt, by reason of the application of the SME scheme, with no right of input VAT deduction, which is also valid for transfers of goods.

In conclusion, the Chair thanked the delegations, took note of their comments, indicated that the Commission services would look into the issue related to the consistency of the examples under *section 4.4.d* of the Working paper and *section 2.4* of the Explanatory Notes and reflect on the possible need for further guidelines on the subject.

6. CASE LAW – ISSUES ARISING FROM RECENT JUDGMENTS OF THE COURT OF JUSTICE OF THE EUROPEAN UNION

- 6.1** Origin: Commission
 Subject: Case-law – Recent Judgments of the Court of Justice of the
 European Union
 (Document taxud.c.1(2025)4965764 – Information paper)

The Chair drew delegations' attention to the Information paper with the overview of judgments handed down since the cut-off date for the previous meeting's overview paper (14 rulings covering the period from 21 October 2024 until 21 April 2025). He also reminded that requests for discussion of a case in a future meeting need to be accompanied

by the interested delegation's own analysis of the matter on the basis of which the Commission services will establish a working paper.

No delegation asked for the floor and the Chair therefore concluded the discussion.

7. ANY OTHER BUSINESS

- 7.1** Origin: Commission
 Subject: Informing the VAT Committee of options exercised under
 Articles 80, 101a, 167a, 199 and 199a of Directive
 2006/112/EC
 (Document taxud.c.1(2025)4966525 – Information paper)

The Chair drew delegations' attention to the Information paper concerning a notification by Poland of an option exercised under Article 199a(1) of the VAT Directive, thanked the delegation concerned and invited all delegations to notify in due time whenever necessary.

No delegation asked for the floor and the Chair concluded the discussion.

Conclusion

The Chair closed the meeting by thanking the delegations for their participation in the discussions.

LIST OF PARTICIPANTS

BELGIQUE/BELGIË/BELGIUM	Ministry of Finance
БЪЛГАРИЯ/BULGARIA	Ministry of Finance National Revenue Agency
ČESKO/CZECHIA	Ministry of Finance
DANMARK/DENMARK	Ministry of Taxation Tax Agency
DEUTSCHLAND/GERMANY	Federal Ministry of Finance
EESTI/ESTONIA	Ministry of Finance
ÉIRE/IRELAND	Revenue Commissioners
ΕΛΛΑΔΑ/GREECE	Independent Authority for Public Revenues
ESPAÑA/SPAIN	Ministry of Finance Permanent Representation
FRANCE	Ministry of Finance
HRVATSKA/CROATIA	Tax Administration Permanent Representation
ITALIA/ITALY	Ministry of Economy and Finance
ΚΥΠΡΟΣ/CYPRUS	Ministry of Finance
LATVIJA/LATVIA	Ministry of Finance State Revenue Service
LIETUVA/LITHUANIA	Ministry of Finance Tax Administration
LUXEMBOURG	Administration de l'enregistrement, des domaines et de la TVA
MAGYARORSZÁG/HUNGARY	Ministry of Finance
MALTA	Ministry of Finance and Employment
NEDERLAND/NETHERLANDS	Ministry of Finance

ÖSTERREICH/AUSTRIA	Federal Ministry of Finance
POLSKA/POLAND	Ministry of Finance
PORTUGAL	Ministry of Finance
ROMÂNIA/ROMANIA	Ministry of Finance
SLOVENIJA/SLOVENIA	Ministry of Finance
SLOVENSKO/SLOVAKIA	Ministry of Finance
SUOMI/FINLAND	Ministry of Finance Tax Administration
SVERIGE/SWEDEN	Ministry of Finance Tax Authority
EUROPEAN COMMISSION	