

**COUNCIL DECISION
of 27 November 2000**

amending Article 3 of Decision 98/198/EC authorising the United Kingdom to extend application of a measure derogating from Articles 6 and 17 of the sixth Directive (77/388/EEC) on the harmonisation of the laws of the Member States relating to turnover taxes

(2000/747/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to the sixth Council Directive (77/388/EEC) of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes — Common system of value added tax: uniform basis of assessment ⁽¹⁾, hereinafter referred to as the 'Sixth VAT Directive', and in particular Article 27 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) Pursuant to Article 27(1) of the sixth VAT Directive, the Council, acting unanimously on a proposal from the Commission, may authorise any Member State to introduce or extend special measures for derogation from that Directive in order to simplify the procedure for charging the tax or to prevent certain types of tax evasion or avoidance.
- (2) By letter registered with the Commission's Secretariat-General on 16 June 2000, the United Kingdom Government requested authorisation to extend the application of the derogation previously granted to it by Decisions 95/252/EC ⁽²⁾, 98/198/EC ⁽³⁾ and 1999/79/EC ⁽⁴⁾.
- (3) The other Member States were informed on 28 July 2000 of the United Kingdom's request.
- (4) The derogation in question is designed, firstly, to restrict to 50 % the right of the hirer or lessee of a passenger car to deduct the VAT on the hire or leasing transaction where the car is used for private purposes and, secondly, to waive the VAT payable on the private use of the car in question.
- (5) The legal and factual circumstances which justified granting authorisation to apply a derogation have not changed and still obtain.
- (6) On 17 June 1998 the Commission presented a proposal for a Directive ⁽⁵⁾ amending the sixth VAT Directive as regards the rules governing the right to deduct VAT.

- (7) The objective of that proposal is to bring about an approximation of the limitations of the right to deduct VAT in order to reduce the disparities between the rules applicable in the Community, particularly where expenditure on passenger cars is concerned.
- (8) It is appropriate, therefore, to extend the period of the authorisation granted until the abovementioned Directive enters into force. However, this authorisation will expire on 31 December 2003 at the latest if the Directive has not entered into force by that date, enabling an assessment to be made at that time of the necessity for a derogation in the light of the discussions held within the Council.
- (9) The derogation has no adverse impact on the European Communities' own resources accruing from VAT,

HAS ADOPTED THIS DECISION:

Article 1

Article 3 of Decision 98/198/EC shall be replaced by the following:

'Article 3

This authorisation shall expire on the date of the entry into force of the Community rules determining what expenditure is not to be eligible for the deduction of value added tax, in accordance with the first subparagraph of Article 17(6) of the sixth VAT Directive, but on 31 December 2003 at the latest.'

Article 2

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

Done at Brussels, 27 November 2000.

For the Council

The President

L. FABIUS

⁽¹⁾ OJ L 145, 13.6.1977, p. 1. Directive as last amended by Directive 2000/65/EC (OJ L 269, 21.10.2000, p. 44).

⁽²⁾ OJ L 159, 11.7.1995, p. 19.

⁽³⁾ OJ L 76, 13.3.1998, p. 31.

⁽⁴⁾ OJ L 27, 2.2.1999, p. 22.

⁽⁵⁾ OJ C 219, 15.7.1998, p. 16.

