



2024/2884

13.11.2024

COUNCIL IMPLEMENTING DECISION (EU) 2024/2884

of 5 November 2024

amending Implementing Decision (EU) 2018/1994 authorising Croatia to introduce a special measure derogating from point (a) of Article 26(1) and Articles 168 and 168a 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), first subparagraph, thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) Articles 168 and 168a of Directive 2006/112/EC govern taxable persons' right to deduct value added tax (VAT) charged on supplies of goods and services used by them for the purposes of their taxed transactions. Article 26(1), point (a), of that Directive contains a requirement to account for VAT when a business asset is put to use for private purposes of taxable persons or their staff or, more generally, for purposes other than those of their business.
- (2) Council Implementing Decision (EU) 2018/1994 ⁽²⁾ authorises Croatia to limit to 50 % the right to deduct VAT paid on the purchase and leasing of specified passenger cars with a maximum of eight seats in addition to the driver's seat, including the purchase of all goods and services supplied in relation thereto, when those cars are not wholly used for business purposes. The authorisation also relieves taxable persons from having to treat the non-business use of such passenger cars as a supply of services for consideration.
- (3) Implementing Decision (EU) 2018/1994 was extended by Council Implementing Decision (EU) 2021/1997 ⁽³⁾ and is due to expire on 31 December 2024.
- (4) By letter registered with the Commission on 3 April 2024, Croatia requested an authorisation to continue to apply the special measure derogating from Article 26(1), point (a), and Articles 168 and 168a of Directive 2006/112/EC in order to restrict the right of deduction in relation to expenditure related to certain passenger cars not wholly used for business purposes (the 'special measure').
- (5) In accordance with Article 395(2), second subparagraph, of Directive 2006/112/EC, the Commission transmitted the request made by Croatia to the other Member States by letter dated 14 May 2024. By letter dated 15 May 2024, the Commission notified Croatia that it had all the information necessary for the appraisal of the request.
- (6) In accordance with Article 6, second paragraph, of Implementing Decision (EU) 2018/1994, Croatia submitted a report that included a review of the percentage laid down for the limitation of the right of deduction. On the basis of that report, Croatia maintains that the limit of 50 % is still justified and remains appropriate.
- (7) Given that the special measure has had a positive impact with regard to the administrative burden for taxpayers and tax authorities by simplifying VAT collection and preventing tax evasion through incorrect record keeping, Croatia should be authorised to continue to apply the special measure. The extension of the special measure should be limited in time, until 31 December 2027, to allow for an evaluation of its effectiveness and of the appropriate percentage.

⁽¹⁾ OJ L 347, 11.12.2006, p. 1.

⁽²⁾ Council Implementing Decision (EU) 2018/1994 of 11 December 2018 authorising Croatia to introduce a special measure derogating from point (a) of Article 26(1) and Articles 168 and 168a of Directive 2006/112/EC on the common system of value-added tax (OJ L 320, 17.12.2018, p. 35).

⁽³⁾ Council Implementing Decision (EU) 2021/1997 of 15 November 2021 amending Implementing Decision (EU) 2018/1994 authorising Croatia to introduce a special measure derogating from point (a) of Article 26(1) and Article 168 of Directive 2006/112/EC on the common system of value added tax (OJ L 408, 17.11.2021, p. 1).

- (8) In the event that Croatia considers an extension of the special measure beyond 2027 to be necessary, it should submit a request for extension to the Commission by 31 March 2027. That request should be accompanied by a report on the application of the measure, including a review of the percentage applied.
- (9) The special measure will have only a negligible effect on the overall amount of tax revenue Croatia collects at the stage of final consumption and will not adversely affect the Union's own resources accruing from VAT.
- (10) Implementing Decision (EU) 2018/1994 should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

Article 6 of Implementing Decision (EU) 2018/1994 is replaced by the following:

'Article 6

This Decision shall apply from 1 January 2019 until 31 December 2027.

Any request for an extension of the authorisation provided for in this Decision shall be submitted to the Commission by 31 March 2027 and shall be accompanied by a report that includes a review of the percentage set out in Article 1.'

Article 2

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

Article 3

This Decision is addressed to the Republic of Croatia.

Done at Brussels, 5 November 2024.

For the Council

The President

VARGA M.
