

# COMMISSION

## COMMISSION DECISION

of 8 September 1999

**on the treatment of repayments of VAT to non-taxable units and to taxable units for their exempt activities, for the purpose of implementing Council Directive 89/130/EEC, Euratom on the harmonisation of the compilation of gross national product at market prices**

(notified under document number C(1999) 2533)

(Text with EEA relevance)

(1999/622/EC, Euratom)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to the Treaty establishing the European Atomic Energy Community,

Having regard to Council Directive 89/130/EEC, Euratom of 13 February 1989 on the harmonisation of the compilation of gross national product at market prices <sup>(1)</sup>, and in particular Article 1 thereof,

- (1) Whereas the European System of Integrated Economic Accounts (ESA second edition), does not specify explicitly the treatment of repayments of VAT to non-taxable units and to taxable units, for their exempt activities;
- (2) Whereas for the purpose of the calculation of gross national product at market prices (GNPmp) pursuant to Article 1 of Directive 89/130/EEC, Euratom, it is necessary to clarify the treatment of repayments of VAT to non-taxable units and to taxable units, for their exempt activities, for the purpose of ESA second edition;
- (3) Whereas 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 <sup>(2)</sup>, as last amended by Directive 1999/59/EC <sup>(3)</sup>, specifies the notions of taxable person, of non-taxable person and of exempt activity;
- (4) Whereas the measures provided for in this Decision are in accordance with the opinion of the committee established by Article 6 of Directive 89/130/EEC, Euratom,

HAS ADOPTED THIS DECISION:

### Article 1

In compiling national accounts aggregates for the purpose of the implementation of Directive 89/130/EEC, Euratom, repayments of VAT incurred on their purchases, made to

- non-taxable persons,
- taxable persons, for their exempt activities,

shall be treated under ESA second edition as current transfers (in the distribution of income account — C3) or capital transfers (in the capital account — C5), and not as if they were deductible VAT.

For a harmonised application of this Decision, non-taxable persons are as defined in Article 4 of the sixth Directive 77/388/EEC, Euratom, and the exempt activities envisaged are those listed in Article 13 of the sixth Directive 77/388/EEC, Euratom.

### Article 2

The provisions of Article 1 shall apply to GNP data transmitted pursuant to Directive 89/130/EEC, Euratom, for the years from 1988 onwards.

### Article 3

This Decision is addressed to the Member States.

Done at Brussels, 8 September 1999.

For the Commission

Yves-Thibault DE SILGUY

Member of the Commission

<sup>(1)</sup> OJ L 49, 21.2.1989, p. 26.

<sup>(2)</sup> OJ L 145, 13.6.1977, p. 1.

<sup>(3)</sup> OJ L 162, 26.6.1999, p. 63.