

COUNCIL IMPLEMENTING DECISION**of 7 November 2014****authorising the Republic of Latvia to apply a measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax**

(2014/796/EU)

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⁾ (the VAT Directive), and in particular Article 395(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) By letter registered with the Secretariat-General of the Commission on 1 July 2014, Latvia requested authorisation for a measure derogating from Article 287(10) of the VAT Directive in order to exempt certain taxable persons whose annual turnover is no higher than EUR 50 000 ('the measure'). The measure would release those taxable persons from certain or all of the obligations in relation to value added tax (VAT) referred to in Chapters 2 to 6 of Title XI of the VAT Directive. Such measure had already been granted to Latvia by Council Implementing Decision 2010/584/EU ⁽²⁾ which expired on 31 December 2013.
- (2) By letter dated 7 August 2014, the Commission informed the other Member States of the request made by Latvia. By letter dated 11 August 2014, the Commission notified Latvia that it had all the information necessary to consider the request.
- (3) A special scheme for small enterprises is already available to Member States under Title XII of the VAT Directive. The measure derogates from Title XII of the VAT Directive only in so far as the taxable person's annual turnover threshold for the special scheme is higher than that allowed for Latvia under Article 287(10) of the VAT Directive, which is EUR 17 200.
- (4) A higher threshold for the special scheme is a simplification measure as it may significantly reduce the VAT obligations of the smallest businesses, whilst that special scheme is optional for taxable persons and allows businesses to opt for the normal VAT arrangements.
- (5) From information provided by Latvia, the derogation will only have a negligible impact on the overall amount of tax revenue collected at the final stage of consumption.
- (6) The derogation has no impact on the Union's own resources accruing from VAT,

HAS ADOPTED THIS DECISION:

Article 1

By way of derogation from Article 287(10) of Directive 2006/112/EC, the Republic of Latvia is authorised to exempt from VAT taxable persons whose annual turnover is no higher than EUR 50 000.

⁽¹⁾ OJ L 347, 11.12.2006, p. 1.⁽²⁾ Council Implementing Decision 2010/584/EU of 27 September 2010 authorising the Republic of Latvia to apply a measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax (OJ L 256, 30.9.2010, p. 29).

Article 2

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

It shall apply until 31 December 2017.

Article 3

This Decision is addressed to the Republic of Latvia.

Done at Brussels, 7 November 2014.

For the Council
The President
P. C. PADOAN
