

Council Directive 2006/112/EC of 28 November  
2006 on the common system of value added tax

TITLE XII

**SPECIAL SCHEMES**

CHAPTER 1

**Special scheme for small enterprises**

Section 1

**Simplified procedures for charging and collection**

*Article 281*

Member States which might encounter difficulties in applying the normal VAT arrangements to small enterprises, by reason of the activities or structure of such enterprises, may, subject to such conditions and limits as they may set, and after consulting the VAT Committee, apply simplified procedures, such as flat-rate schemes, for charging and collecting VAT provided that they do not lead to a reduction thereof.

Section 2

**Exemptions or graduated relief**

*Article 282*

The exemptions and graduated tax relief provided for in this Section shall apply to the supply of goods and services by small enterprises.

*Article 283*

1 The arrangements provided for in this Section shall not apply to the following transactions:

- a transactions carried out on an occasional basis, as referred to in Article 12;
- b supplies of new means of transport carried out in accordance with the conditions specified in Article 138(1) and (2)(a);
- c supplies of goods or services carried out by a taxable person who is not established in the Member State in which the VAT is due.

2 Member States may exclude transactions other than those referred to in paragraph 1 from the arrangements provided for in this Section.

*Article 284*

1 Member States which have exercised the option under Article 14 of Council Directive 67/228/EEC of 11 April 1967 on the harmonisation of legislation of Member States concerning turnover taxes — Structure and procedures for application of the common system of value added

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tax<sup>(1)</sup> of introducing exemptions or graduated tax relief may retain them, and the arrangements for applying them, if they comply with the VAT rules.

2 Member States which, at 17 May 1977, exempted taxable persons whose annual turnover was less than the equivalent in national currency of 5 000 European units of account at the conversion rate on that date, may raise that ceiling up to EUR 5 000.

Member States which applied graduated tax relief may neither raise the ceiling for graduated tax relief nor render the conditions for the granting of it more favourable.

*Article 285*

Member States which have not exercised the option under Article 14 of Directive 67/228/EEC may exempt taxable persons whose annual turnover is no higher than EUR 5 000 or the equivalent in national currency.

The Member States referred to in the first paragraph may grant graduated tax relief to taxable persons whose annual turnover exceeds the ceiling fixed by them for its application.

*Article 286*

Member States which, at 17 May 1977, exempted taxable persons whose annual turnover was equal to or higher than the equivalent in national currency of 5 000 European units of account at the conversion rate on that date, may raise that ceiling in order to maintain the value of the exemption in real terms.

*Article 287*

Member States which acceded after 1 January 1978 may exempt taxable persons whose annual turnover is no higher than the equivalent in national currency of the following amounts at the conversion rate on the day of their accession:

- (1) Greece: 10 000 European units of account;
- (2) Spain: ECU 10 000;
- (3) Portugal: ECU 10 000;
- (4) Austria: ECU 35 000;
- (5) Finland: ECU 10 000;
- (6) Sweden: ECU 10 000;
- (7) Czech Republic: EUR 35 000;
- (8) Estonia: EUR 16 000;
- (9) Cyprus: EUR 15 600;
- (10) Latvia: EUR 17 200;
- (11) Lithuania: EUR 29 000;
- (12) Hungary: EUR 35 000;
- (13) Malta: EUR 37 000 if the economic activity consists principally in the supply of goods, EUR 24 300 if the economic activity consists principally in the supply of services with

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a low value added (high inputs), and EUR 14 600 in other cases, namely supplies of services with a high value added (low inputs);

- (14) Poland: EUR 10 000;
- (15) Slovenia: EUR 25 000;
- (16) Slovakia: EUR 35 000<sup>[F1];</sup>
- (17) <sup>[F2]</sup>Bulgaria: EUR 25 600;
- (18) Romania: EUR 35 000<sup>[F3];</sup>
- (19) <sup>[F4]</sup>Croatia: EUR 35 000.]

#### **Textual Amendments**

- F1** Substituted by [Council Directive 2009/162/EU of 22 December 2009 amending various provisions of Directive 2006/112/EC on the common system of value added tax.](#)
- F2** Inserted by [Council Directive 2009/162/EU of 22 December 2009 amending various provisions of Directive 2006/112/EC on the common system of value added tax.](#)
- F3** Substituted by [Act concerning the conditions of accession of the Republic of Croatia and the adjustments to the Treaty on European Union, the Treaty on the Functioning of the European Union and the Treaty establishing the European Atomic Energy Community.](#)
- F4** Inserted by [Act concerning the conditions of accession of the Republic of Croatia and the adjustments to the Treaty on European Union, the Treaty on the Functioning of the European Union and the Treaty establishing the European Atomic Energy Community.](#)

#### *Article 288*

The turnover serving as a reference for the purposes of applying the arrangements provided for in this Section shall consist of the following amounts, exclusive of VAT:

- (1) the value of supplies of goods and services, in so far as they are taxed;
- (2) the value of transactions which are exempt, with deductibility of the VAT paid at the preceding stage, pursuant to Articles 110 or 111, Article 125(1), Article 127 or Article 128(1);
- (3) the value of transactions which are exempt pursuant to Articles 146 to 149 and Articles 151, 152 or 153;
- (4) the value of real estate transactions, financial transactions as referred to in points (b) to (g) of Article 135(1), and insurance services, unless those transactions are ancillary transactions.

However, disposals of the tangible or intangible capital assets of an enterprise shall not be taken into account for the purposes of calculating turnover.

#### *Article 289*

Taxable persons exempt from VAT shall not be entitled to deduct VAT in accordance with Articles 167 to 171 and Articles 173 to 177, and may not show the VAT on their invoices.

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#### *Article 290*

Taxable persons who are entitled to exemption from VAT may opt either for the normal VAT arrangements or for the simplified procedures provided for in Article 281. In this case, they shall be entitled to any graduated tax relief provided for under national legislation.

#### *Article 291*

Subject to the application of Article 281, taxable persons enjoying graduated relief shall be regarded as taxable persons subject to the normal VAT arrangements.

#### *Article 292*

The arrangements provided for in this Section shall apply until a date to be fixed by the Council in accordance with Article 93 of the Treaty, which may not be later than that on which the definitive arrangements referred to in Article 402 enter into force.

### Section 3

#### **Reporting and review**

#### *Article 293*

Every four years starting from the adoption of this Directive, the Commission shall present to the Council, on the basis of information obtained from the Member States, a report on the application of this Chapter, together, where appropriate and taking into account the need to ensure the long-term convergence of national regulations, with proposals on the following subjects:

- (1) improvements to the special scheme for small enterprises;
- (2) the adaptation of national systems as regards exemptions and graduated tax relief;
- (3) the adaptation of the ceilings provided for in Section 2.

#### *Article 294*

The Council shall decide, in accordance with Article 93 of the Treaty, whether a special scheme for small enterprises is necessary under the definitive arrangements and, if appropriate, shall lay down the common limits and conditions for the implementation of that scheme.

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(1) [OJ 71, 14.4.1967, p. 1303/67](#). Directive repealed by Directive 77/388/EEC.