

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

TITLE IV

TAXABLE TRANSACTIONS

CHAPTER 1

supply of goods

Article 14

1 'Supply of goods' shall mean the transfer of the right to dispose of tangible property as owner.

2 In addition to the transaction referred to in paragraph 1, each of the following shall be regarded as a supply of goods:

- a the transfer, by order made by or in the name of a public authority or in pursuance of the law, of the ownership of property against payment of compensation;
- b the actual handing over of goods pursuant to a contract for the hire of goods for a certain period, or for the sale of goods on deferred terms, which provides that in the normal course of events ownership is to pass at the latest upon payment of the final instalment;
- c the transfer of goods pursuant to a contract under which commission is payable on purchase or sale.

3 Member States may regard the handing over of certain works of construction as a supply of goods.

Article 15

1 Electricity, gas, heat, refrigeration and the like shall be treated as tangible property.

2 Member States may regard the following as tangible property:

- a certain interests in immovable property;
- b rights in rem giving the holder thereof a right of use over immovable property;
- c shares or interests equivalent to shares giving the holder thereof de jure or de facto rights of ownership or possession over immovable property or part thereof.

Article 16

The application by a taxable person of goods forming part of his business assets for his private use or for that of his staff, or their disposal free of charge or, more generally, their application for purposes other than those of his business, shall be treated as a supply of goods for consideration, where the VAT on those goods or the component parts thereof was wholly or partly deductible.

However, the application of goods for business use as samples or as gifts of small value shall not be treated as a supply of goods for consideration.

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Article 17

1 The transfer by a taxable person of goods forming part of his business assets to another Member State shall be treated as a supply of goods for consideration.

‘Transfer to another Member State’ shall mean the dispatch or transport of movable tangible property by or on behalf of the taxable person, for the purposes of his business, to a destination outside the territory of the Member State in which the property is located, but within the Community.

2 The dispatch or transport of goods for the purposes of any of the following transactions shall not be regarded as a transfer to another Member State:

- a the supply of the goods by the taxable person within the territory of the Member State in which the dispatch or transport ends, in accordance with the conditions laid down in Article 33;
- b the supply of the goods, for installation or assembly by or on behalf of the supplier, by the taxable person within the territory of the Member State in which dispatch or transport of the goods ends, in accordance with the conditions laid down in Article 36;
- c the supply of the goods by the taxable person on board a ship, an aircraft or a train in the course of a passenger transport operation, in accordance with the conditions laid down in Article 37;
- d the supply of gas through the natural gas distribution system, or of electricity, in accordance with the conditions laid down in Articles 38 and 39;
- e the supply of the goods by the taxable person within the territory of the Member State, in accordance with the conditions laid down in Articles 138, 146, 147, 148, 151 or 152;
- f the supply of a service performed for the taxable person and consisting of work on the goods in question physically carried out within the territory of the Member State in which dispatch or transport of the goods ends, provided that the goods, after being worked upon, are returned to that taxable person in the Member State from which they were initially dispatched or transported;
- g the temporary use of the goods within the territory of the Member State in which dispatch or transport of the goods ends, for the purposes of the supply of services by the taxable person established within the Member State in which dispatch or transport of the goods began;
- h the temporary use of the goods, for a period not exceeding twenty-four months, within the territory of another Member State, in which the importation of the same goods from a third country with a view to their temporary use would be covered by the arrangements for temporary importation with full exemption from import duties.

3 If one of the conditions governing eligibility under paragraph 2 is no longer met, the goods shall be regarded as having been transferred to another Member State. In such cases, the transfer shall be deemed to take place at the time when that condition ceases to be met.

Article 18

Member States may treat each of the following transactions as a supply of goods for consideration:

- (a) the application by a taxable person for the purposes of his business of goods produced, constructed, extracted, processed, purchased or imported in the course of such business, where the VAT on such goods, had they been acquired from another taxable person, would not be wholly deductible;

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- (b) the application of goods by a taxable person for the purposes of a non-taxable area of activity, where the VAT on such goods became wholly or partly deductible upon their acquisition or upon their application in accordance with point (a);
- (c) with the exception of the cases referred to in Article 19, the retention of goods by a taxable person, or by his successors, when he ceases to carry out a taxable economic activity, where the VAT on such goods became wholly or partly deductible upon their acquisition or upon their application in accordance with point (a).

Article 19

In the event of a transfer, whether for consideration or not or as a contribution to a company, of a totality of assets or part thereof, Member States may consider that no supply of goods has taken place and that the person to whom the goods are transferred is to be treated as the successor to the transferor.

Member States may, in cases where the recipient is not wholly liable to tax, take the measures necessary to prevent distortion of competition. They may also adopt any measures needed to prevent tax evasion or avoidance through the use of this Article.

CHAPTER 2

Intra-Community acquisition of goods

Article 20

'Intra-Community acquisition of goods' shall mean the acquisition of the right to dispose as owner of movable tangible property dispatched or transported to the person acquiring the goods, by or on behalf of the vendor or the person acquiring the goods, in a Member State other than that in which dispatch or transport of the goods began.

Where goods acquired by a non-taxable legal person are dispatched or transported from a third territory or a third country and imported by that non-taxable legal person into a Member State other than the Member State in which dispatch or transport of the goods ends, the goods shall be regarded as having been dispatched or transported from the Member State of importation. That Member State shall grant the importer designated or recognised under Article 201 as liable for payment of VAT a refund of the VAT paid in respect of the importation of the goods, provided that the importer establishes that VAT has been applied to his acquisition in the Member State in which dispatch or transport of the goods ends.

Article 21

The application by a taxable person, for the purposes of his business, of goods dispatched or transported by or on behalf of that taxable person from another Member State, within which the goods were produced, extracted, processed, purchased or acquired within the meaning of Article 2(1)(b), or into which they were imported by that taxable person for the purposes of his business, shall be treated as an intra-Community acquisition of goods for consideration.

Article 22

The application by the armed forces of a State party to the North Atlantic Treaty, for their use or for the use of the civilian staff accompanying them, of goods which they have not purchased subject to the general rules governing taxation on the domestic

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market of a Member State shall be treated as an intra-Community acquisition of goods for consideration, where the importation of those goods would not be eligible for the exemption provided for in point (h) of Article 143.

Article 23

Member States shall take the measures necessary to ensure that a transaction which would have been classed as a supply of goods if it had been carried out within their territory by a taxable person acting as such is classed as an intra-Community acquisition of goods.

CHAPTER 3

Supply of services

Article 24

1 'Supply of services' shall mean any transaction which does not constitute a supply of goods.

2 'Telecommunications services' shall mean services relating to the transmission, emission or reception of signals, words, images and sounds or information of any nature by wire, radio, optical or other electromagnetic systems, including the related transfer or assignment of the right to use capacity for such transmission, emission or reception, with the inclusion of the provision of access to global information networks.

Article 25

A supply of services may consist, inter alia, in one of the following transactions:

- (a) the assignment of intangible property, whether or not the subject of a document establishing title;
- (b) the obligation to refrain from an act, or to tolerate an act or situation;
- (c) the performance of services in pursuance of an order made by or in the name of a public authority or in pursuance of the law.

Article 26

1 Each of the following transactions shall be treated as a supply of services for consideration:

- a the use of goods forming part of the assets of a business for the private use of a taxable person or of his staff or, more generally, for purposes other than those of his business, where the VAT on such goods was wholly or partly deductible;
- b the supply of services carried out free of charge by a taxable person for his private use or for that of his staff or, more generally, for purposes other than those of his business.

2 Member States may derogate from paragraph 1, provided that such derogation does not lead to distortion of competition.

Article 27

In order to prevent distortion of competition and after consulting the VAT Committee, Member States may treat as a supply of services for consideration the supply by a taxable

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person of a service for the purposes of his business, where the VAT on such a service, were it supplied by another taxable person, would not be wholly deductible.

Article 28

Where a taxable person acting in his own name but on behalf of another person takes part in a supply of services, he shall be deemed to have received and supplied those services himself.

Article 29

Article 19 shall apply in like manner to the supply of services.

CHAPTER 4

Importation of goods

Article 30

‘Importation of goods’ shall mean the entry into the Community of goods which are not in free circulation within the meaning of Article 24 of the Treaty.

In addition to the transaction referred to in the first paragraph, the entry into the Community of goods which are in free circulation, coming from a third territory forming part of the customs territory of the Community, shall be regarded as importation of goods.