

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

TITLE VIII

RATES

CHAPTER 3

Temporary provisions for particular labour-intensive services

Article 106

The Council may, acting unanimously on a proposal from the Commission, allow Member States to apply until 31 December 2010 at the latest the reduced rates provided for in Article 98 to services listed in Annex IV.

The reduced rates may be applied to services from no more than two of the categories set out in Annex IV.

In exceptional cases a Member State may be allowed to apply the reduced rates to services from three of those categories.

Article 107

The services referred to in Article 106 must meet the following conditions:

- (a) they must be labour-intensive;
- (b) they must largely be provided direct to final consumers;
- (c) they must be mainly local and not likely to cause distortion of competition.

There must also be a close link between the decrease in prices resulting from the rate reduction and the foreseeable increase in demand and employment. Application of a reduced rate must not prejudice the smooth functioning of the internal market.

Article 108

Any Member State wishing to apply for the first time after 31 December 2005 a reduced rate to one or more of the services referred to in Article 106 pursuant to this Article shall inform the Commission accordingly no later than 31 March 2006. It shall communicate to it before that date all relevant information concerning the new measures it wishes to introduce, in particular the following:

- (a) scope of the measure and detailed description of the services concerned;
- (b) particulars showing that the conditions laid down in Article 107 have been met;
- (c) particulars showing the budgetary cost of the measure envisaged.