

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

TITLE VIII

**RATES**

CHAPTER 4

**Special provisions applying until the adoption of definitive arrangements**

*Article 109*

Pending introduction of the definitive arrangements referred to in Article 402, the provisions laid down in this Chapter shall apply.

*Article 110*

Member States which, at 1 January 1991, were granting exemptions with deductibility of the VAT paid at the preceding stage or applying reduced rates lower than the minimum laid down in Article 99 may continue to grant those exemptions or apply those reduced rates.

The exemptions and reduced rates referred to in the first paragraph must be in accordance with Community law and must have been adopted for clearly defined social reasons and for the benefit of the final consumer.

*Article 111*

Subject to the conditions laid down in the second paragraph of Article 110, exemptions with deductibility of the VAT paid at the preceding stage may continue to be granted in the following cases:

- (a) by Finland in respect of the supply of newspapers and periodicals sold by subscription and the printing of publications distributed to the members of corporations for the public good;
- (b) by Sweden in respect of the supply of newspapers, including radio and cassette newspapers for the visually impaired, pharmaceutical products supplied to hospitals or on prescription, and the production of, or other related services concerning, periodicals of non-profit-making organisations<sup>[F1];</sup>
- (c) <sup>[F2]</sup>by Malta in respect of the supply of foodstuffs for human consumption and pharmaceuticals.]

**Textual Amendments**

**F1** Substituted by [Council Directive 2009/47/EC of 5 May 2009 amending Directive 2006/112/EC as regards reduced rates of value added tax.](#)

**F2** Inserted by [Council Directive 2009/47/EC of 5 May 2009 amending Directive 2006/112/EC as regards reduced rates of value added tax.](#)

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### Article 112

If the provisions of Article 110 cause for Ireland distortion of competition in the supply of energy products for heating and lighting, Ireland may, on specific request, be authorised by the Commission to apply a reduced rate to such supplies, in accordance with Articles 98 and 99.

In the case referred to in the first paragraph, Ireland shall submit a request to the Commission, together with all necessary information. If the Commission has not taken a decision within three months of receiving the request, Ireland shall be deemed to be authorised to apply the reduced rates proposed.

### Article 113

Member States which, at 1 January 1991, in accordance with Community law, were granting exemptions with deductibility of the VAT paid at the preceding stage or applying reduced rates lower than the minimum laid down in Article 99, in respect of goods and services other than those specified in Annex III, may apply the reduced rate, or one of the two reduced rates, provided for in Article 98 to the supply of such goods or services.

### Article 114

1 Member States which, on 1 January 1993, were obliged to increase their standard rate in force at 1 January 1991 by more than 2 % may apply a reduced rate lower than the minimum laid down in Article 99 to the supply of goods and services in the categories set out in Annex III.

[<sup>F1</sup>The Member States referred to in the first subparagraph may also apply such a rate to children's clothing and children's footwear and housing.]

2 Member States may not rely on paragraph 1 to introduce exemptions with deductibility of the VAT paid at the preceding stage.

#### Textual Amendments

**F1** Substituted by [Council Directive 2009/47/EC of 5 May 2009 amending Directive 2006/112/EC as regards reduced rates of value added tax.](#)

### [<sup>F1</sup>Article 115

Member States which, at 1 January 1991, were applying a reduced rate to children's clothing, children's footwear or housing may continue to apply such a rate to the supply of those goods or services.]

#### Textual Amendments

**F1** Substituted by [Council Directive 2009/47/EC of 5 May 2009 amending Directive 2006/112/EC as regards reduced rates of value added tax.](#)

### <sup>F3</sup>Article 116

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**Textual Amendments**

- F3** Deleted by [Council Directive 2009/47/EC of 5 May 2009 amending Directive 2006/112/EC as regards reduced rates of value added tax.](#)

*Article 117*

F3<sub>1</sub>

2 Austria may apply one of the two reduced rates provided for in Article 98 to the letting of immovable property for residential use, provided that the rate is not lower than 10 %.

**Textual Amendments**

- F3** Deleted by [Council Directive 2009/47/EC of 5 May 2009 amending Directive 2006/112/EC as regards reduced rates of value added tax.](#)

*Article 118*

Member States which, at 1 January 1991, were applying a reduced rate to the supply of goods or services other than those specified in Annex III may apply the reduced rate, or one of the two reduced rates, provided for in Article 98 to the supply of those goods or services, provided that the rate is not lower than 12 %.

The first paragraph shall not apply to the supply of second-hand goods, works of art, collectors' items or antiques, as defined in points (1) to (4) of Article 311(1), subject to VAT in accordance with the margin scheme provided for in Articles 312 to 325 or the arrangements for sales by public auction.

*Article 119*

For the purposes of applying Article 118, Austria may apply a reduced rate to wines produced on an agricultural holding by the producer-farmer, provided that the rate is not lower than 12 %.

*Article 120*

Greece may apply rates up to 30 % lower than the corresponding rates applied in mainland Greece in the departments of Lesbos, Chios, Samos, the Dodecanese and the Cyclades, and on the islands of Thassos, the Northern Sporades, Samothrace and Skiros.

*Article 121*

Member States which, at 1 January 1993, regarded work under contract as the supply of goods may apply to the delivery of work under contract the rate applicable to the goods obtained after execution of the work under contract.

For the purposes of applying the first paragraph, 'delivery of work under contract' shall mean the handing over by a contractor to his customer of movable property made or assembled by the contractor from materials or objects entrusted to him by the customer for that purpose, whether or not the contractor has provided any part of the materials used.

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### *Article 122*

Member States may apply a reduced rate to the supply of live plants and other floricultural products, including bulbs, roots and the like, cut flowers and ornamental foliage, and of wood for use as firewood.