

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

TITLE X

DEDUCTIONS

CHAPTER 1

Origin and scope of right of deduction

Article 167

A right of deduction shall arise at the time the deductible tax becomes chargeable.

Article 168

In so far as the goods and services are used for the purposes of the taxed transactions of a taxable person, the taxable person shall be entitled, in the Member State in which he carries out these transactions, to deduct the following from the VAT which he is liable to pay:

- (a) the VAT due or paid in that Member State in respect of supplies to him of goods or services, carried out or to be carried out by another taxable person;
- (b) the VAT due in respect of transactions treated as supplies of goods or services pursuant to Article 18(a) and Article 27;
- (c) the VAT due in respect of intra-Community acquisitions of goods pursuant to Article 2(1)(b)(i);
- (d) the VAT due on transactions treated as intra-Community acquisitions in accordance with Articles 21 and 22;
- (e) the VAT due or paid in respect of the importation of goods into that Member State.

Article 169

In addition to the deduction referred to in Article 168, the taxable person shall be entitled to deduct the VAT referred to therein in so far as the goods and services are used for the purposes of the following:

- (a) transactions relating to the activities referred to in the second subparagraph of Article 9(1), carried out outside the Member State in which that tax is due or paid, in respect of which VAT would be deductible if they had been carried out within that Member State;
- (b) transactions which are exempt pursuant to Articles 138, 142 or 144, Articles 146 to 149, Articles 151, 152, 153 or 156, Article 157(1)(b), Articles 158 to 161 or Article 164;
- (c) transactions which are exempt pursuant to points (a) to (f) of Article 135(1), where the customer is established outside the Community or where those transactions relate directly to goods to be exported out of the Community.

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Article 170

All taxable persons who, within the meaning of Article 1 of Directive 79/1072/EEC⁽¹⁾, Article 1 of Directive 86/560/EEC⁽²⁾ and Article 171 of this Directive, are not established in the Member State in which they purchase goods and services or import goods subject to VAT shall be entitled to obtain a refund of that VAT in so far as the goods and services are used for the purposes of the following:

- (a) transactions referred to in Article 169;
- (b) transactions for which the tax is solely payable by the customer in accordance with Articles 194 to 197 or Article 199.

Article 171

1 VAT shall be refunded to taxable persons who are not established in the Member State in which they purchase goods and services or import goods subject to VAT but who are established in another Member State, in accordance with the detailed implementing rules laid down in Directive 79/1072/EEC.

The taxable persons referred to in Article 1 of Directive 79/1072/EEC shall also, for the purposes of applying that Directive, be regarded as taxable persons who are not established in the Member State concerned where, in the Member State in which they purchase goods and services or import goods subject to VAT, they have only carried out the supply of goods or services to a person designated in accordance with Articles 194 to 197 or Article 199 as liable for payment of VAT.

2 VAT shall be refunded to taxable persons who are not established within the territory of the Community in accordance with the detailed implementing rules laid down in Directive 86/560/EEC.

The taxable persons referred to in Article 1 of Directive 86/560/EEC shall also, for the purposes of applying that Directive, be regarded as taxable persons who are not established in the Community where, in the Member State in which they purchase goods and services or import goods subject to VAT, they have only carried out the supply of goods or services to a person designated in accordance with Articles 194 to 197 or Article 199 as liable for payment of VAT.

3 Directives 79/1072/EEC and 86/560/EEC shall not apply to the supply of goods which is, or may be, exempted pursuant to Article 138 where the goods thus supplied are dispatched or transported by or on behalf of the person acquiring the goods.

Article 172

1 Any person who is regarded as a taxable person by reason of the fact that he supplies, on an occasional basis, a new means of transport in accordance with the conditions specified in Article 138(1) and (2)(a) shall, in the Member State in which the supply takes place, be entitled to deduct the VAT included in the purchase price or paid in respect of the importation or the intra-Community acquisition of this means of transport, up to an amount not exceeding the amount of VAT for which he would be liable if the supply were not exempt.

A right of deduction shall arise and may be exercised only at the time of supply of the new means of transport.

2 Member States shall lay down detailed rules for the implementation of paragraph 1.

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- (1) Eighth Council Directive 79/1072/EEC of 6 December 1979 on the harmonization of the laws of the Member States relating to turnover taxes — Arrangements for the refund of value added tax to taxable persons not established in the territory of the country ([OJ L 331, 27.12.1979, p. 11](#)). Directive as last amended by the 2003 Act of Accession.
- (2) Thirteenth Council Directive 86/560/EEC of 17 November 1986 on the harmonization of the laws of the Member States relating to turnover taxes – Arrangements for the refund of value added tax to taxable persons not established in Community territory ([OJ L 326, 21.11.1986, p. 40](#)).