

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

TITLE VIII

RATES

CHAPTER 2

Structure and level of rates

Section 2

Reduced rates

Article 98

- 1 Member States may apply either one or two reduced rates.
- 2 The reduced rates shall apply only to supplies of goods or services in the categories set out in Annex III.

[^{F1}The reduced rates shall not apply to electronically supplied services with the exception of those falling under point (6) of Annex III.]

- 3 When applying the reduced rates provided for in paragraph 1 to categories of goods, Member States may use the Combined Nomenclature to establish the precise coverage of the category concerned.

Textual Amendments

- F1** Substituted by [Council Directive \(EU\) 2018/1713 of 6 November 2018 amending Directive 2006/112/EC as regards rates of value added tax applied to books, newspapers and periodicals.](#)

Article 99

- 1 The reduced rates shall be fixed as a percentage of the taxable amount, which may not be less than 5 %.
- 2 Each reduced rate shall be so fixed that the amount of VAT resulting from its application is such that the VAT deductible under Articles 167 to 171 and Articles 173 to 177 can normally be deducted in full.

[^{F23} By way of derogation from paragraphs 1 and 2 of this Article, and in addition to the rates referred to in paragraph 1 of Article 98, Member States which, on 1 January 2017, applied, in accordance with Union law, reduced rates lower than the minimum laid down in this Article or granted exemptions with deductibility of the VAT paid at the preceding stage to the supply of certain goods referred to in point (6) of Annex III, may also apply the same VAT treatment where that supply is supplied electronically, as referred to in point (6) of Annex III.]

Status: EU Directives are being published on this site to aid cross referencing from UK legislation. After IP completion day (31 December 2020 11pm) no further amendments will be applied to this version.

Textual Amendments

- F2** Inserted by [Council Directive \(EU\) 2018/1713 of 6 November 2018 amending Directive 2006/112/EC as regards rates of value added tax applied to books, newspapers and periodicals.](#)

Article 100

On the basis of a report from the Commission, the Council shall, starting in 1994, review the scope of the reduced rates every two years.

The Council may, in accordance with Article 93 of the Treaty, decide to alter the list of goods and services set out in Annex III.

Article 101

By 30 June 2007 at the latest the Commission shall present to the European Parliament and the Council an overall assessment report on the impact of reduced rates applying to locally supplied services, including restaurant services, notably in terms of job creation, economic growth and the proper functioning of the internal market, based on a study carried out by an independent economic think-tank.