EUROPEAN
COMMISSION

Brussels, 10.9.2026
COM(2026) 457 final

2026/0253 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) 2024/1641 as regards an extension of the authorisation for Romania to apply special measures derogating from Article 26(1), point (a), and Article 168 of Directive 2006/112/EC on the common system of value added tax

EXPLANATORY MEMORANDUM

Pursuant to Article 395(1) of Directive 2006/112/EC of 28 November 2006 on the common system of value added tax ('the VAT Directive')[1], the Council, acting unanimously on a proposal from the Commission, may authorise any Member State to apply special measures for derogation from the provisions of that Directive in order to simplify the procedure for collecting VAT or to prevent certain forms of tax evasion or avoidance.

By letter registered with the Commission on 19 May 2026, Romania requested an extension of the derogation from Article 26(1), point (a) and Article 168 of the VAT Directive in order to continue to limit to 50 % the right to deduct input VAT charged on expenditure related to certain motorised road vehicles not wholly used for business purposes and not to treat as a supply of services for consideration the private use by a taxable person or his staff or, more generally, for purposes other than those of his business, where those vehicles have been subject to the aforementioned restriction of the right to deduct.

In accordance with Article 395(2) of the VAT Directive, the Commission informed the other Member States by letter dated 22 May 2026 of the request made by Romania. By letter dated 26 May 2026, the Commission notified Romania that it had all the information it considered necessary for appraisal of the request.

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Article 168 of the VAT Directive provides that a taxable person is entitled to deduct the VAT charged on purchases made for the purpose of taxed transactions. Article 26(1)(a) of the same Directive requires the use of goods forming part of the assets of a business for private purposes of the taxable person or of his staff or, more generally, for purposes other than those of his business, to be treated as a supply of services for consideration if the VAT on such goods was wholly or partly deductible. This system allows for the recovery of initially deducted VAT in relation to the private use.

In the case of motorised road vehicles not wholly used for business purposes, it is difficult to identify the split between private and business use. Where records are kept, they add an additional administrative burden and costs to both the business and the administration in maintaining and checking them. It could even lead to time-consuming and costly disputes. In practice, it is sometimes even impossible to verify the actual use of vehicles which may result in (attempted) VAT fraud (such as unreliable record keeping), and consequently a decrease in VAT revenue. Because of the number of vehicles used for mixed purposes, tax evasion could be substantial.

According to the report submitted by Romania as required by Article 5(3) of Council Implementing Decision (EU) 2024/1641 of 24 May 2024[2], the share of small enterprises with less than nine employees in Romania is high: 99.8 % of all the active enterprises in the industrial sector, the construction sector or the services sector in 2023 were small or medium-sized enterprises; and active enterprises with up to nine employees accounted for 91.7 % of all active economic and social operators in those sectors. These are frequently family businesses.

---

[1] OJ L 347, 11.12.2006, p. 1, ELI: http://data.europa.eu/eli/dir/2006/112/oj.

[2] Council Implementing Decision (EU) 2024/1641 of 24 May 2024 authorising Romania to apply special measures derogating from Article 26(1), point (a), and Article 168 of Directive 2006/112/EC on the common system of value added tax (OJ L, 2024/1641, 6.6.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/1641/oj).

In such small enterprises, there is often no clear separation of company assets from private assets of persons conducting business activity. In such cases, distinguishing between private and business use of motor vehicles is extremely difficult and would require disproportionately large outlays, including those resulting from the need to maintain detailed documentation.

For these reasons, Romania has been authorised to derogate from Article 168 of the VAT Directive by limiting to 50 % the right to deduct VAT charged on the purchase, intra-Community acquisition, importation, hire or leasing of motorised road vehicles as well as on expenditure related thereto, including the purchase of fuel, where such vehicles are not used exclusively for business purposes. In addition, for motorised road vehicles subject to that 50 % limit, to avoid double taxation, Romania has been authorised to relieve taxable persons from having to treat the use of such vehicles for purposes other than those of their business as a supply of services for consideration pursuant to point (a) of Article 26(1) of the VAT Directive. The special measures do not apply to motorised road vehicles with a maximum permissible laden mass of more than 3 500 kg or with more than nine seats including the driver's seat. In addition, some categories of vehicles have been specifically excluded from this restriction on the right of deduction, such as vehicles used exclusively for emergency, security, protection or courier services, vehicles used by sales and purchasing agents, vehicles used for the transport of passengers and taxis, vehicles used for instruction by driving schools, vehicles used for hire or leasing or vehicles used as commodities for trading purposes.

The authorisation for the special measures mentioned above was first granted by the Council by means of Decision 2012/232/EU of 26 April 2012 until 31 December 2014. Subsequently, the special measures were extended by Council Implementing Decision (EU) 2015/156 of 27 January 2015[3] until 31 December 2017, by Council Implementing Decision (EU) 2017/2012 of 7 November 2017[4] until 31 December 2020, by Council Implementing Decision (EU) 2020/1262 of 4 September 2020[5] until 31 December 2023. Via a new but, as to the content, identical derogation, the special measures were extended again by Council Implementing Decision (EU) 2024/1641 of 24 May 2024 until 31 December 2026.

The present request from Romania to prolong further the special measures is based on the same grounds as those presented in the previous requests. The request is accompanied by a report including a review of the percentage limitation applied on the right of deduction, as required by Article 5(3) of Council Implementing Decision (EU) 2024/1641. Romania submits that the special measures have fulfilled their role: the derogation is a simplification which removes the need for the taxable person to keep records of mileage relating to business use and mileage relating to private use of the vehicle, and creates the conditions for preventing tax evasion, which could be generated by recording less than actual personal use. Romania considers that the conditions for the application of the special measures continue to apply and that the currently applied 50 % input VAT deduction limit remains appropriate and reflects the current economic circumstances.

---

[3] Council Implementing Decision (EU) 2015/156 of 27 January 2015 extending the period of validity of Implementing Decision 2012/232/EU authorising Romania to apply measures derogating from Article 26(1)(a) and Article 168 of Directive 2006/112/EC on the common system of value added tax (OJ L 26, 31.1.2015, p. 27, ELI: http://data.europa.eu/eli/dec_impl/2015/156/oj).

[4] Council Implementing Decision (EU) 2017/2012 of 7 November 2017 amending Implementing Decision 2012/232/EU authorising Romania to apply measures derogating from Article 26(1)(a) and Article 168 of Directive 2006/112/EC on the common system of value added tax (OJ L 292, 10.11.2017, p. 57–58, ELI: http://data.europa.eu/eli/dec_impl/2017/2012/oj).

[5] Council Implementing Decision (EU) 2020/1262 of 4 September 2020 amending Implementing Decision 2012/232/EU authorising Romania to apply measures derogating from Article 26(1)(a) and Article 168 of Directive 2006/112/EC on the common system of value added tax (OJ L 296, 10.9.2020, p. 6, ELI: http://data.europa.eu/eli/dec_impl/2020/1262/oj).

Given the positive impact of the special measures on the administrative burden of taxpayers and tax authorities alike, it is proposed to authorise the extension of the current special measures. The authorisation should be valid for another limited period, i.e. until 31 December 2029, in order to allow for a review of the necessity and effectiveness of the special measures and whether the 50 % restriction is still a correct reflection of the overall apportionment between business and private use. Any further extension request should be accompanied by a report which includes a review of the percentage applied and should be sent to the Commission by 31 March 2029.

- **Consistency with existing policy provisions in the policy area**

Similar derogations in relation to the right of deduction have been granted to other Member States (Italy[6], Poland[7], Estonia[8], Hungary[9], Croatia[10] and Latvia[11]).

Article 176 of the VAT Directive stipulates that the Council shall determine the expenditure on which the VAT is not deductible. Until it does, Member States can maintain exclusions that were in place under national laws on 1 January 1979. On this basis, there are a number of 'stand still' provisions restricting the right to deduct VAT in relation to motorised road vehicles not wholly used for business purposes.

Previous initiatives to establish rules on which categories of expenditure may be subject to a restriction on the right to deduct have failed[12]. Until those rules are harmonised at EU level, special measures such as the present ones are considered appropriate.

The proposed special measures are therefore consistent with the provisions of the VAT Directive.

---

6 Council Implementing Decision (EU) 2025/2529 of 8 December 2025 amending Decision 2007/441/EC authorising the Italian Republic to apply measures derogating from Articles 26(1)(a) and 168 of Directive 2006/112/EC on the common system of value added tax (OJ L, 2025/2529, 12.12.2025, ELI: http://data.europa.eu/eli/dec_impl/2025/2529/oj).

7 Council Implementing Decision (EU) 2025/1986 of 22 September 2025 amending Implementing Decision 2013/805/EU authorising the Republic of Poland to introduce measures derogating from point (a) of Article 26(1) and Article 168 of Directive 2006/112/EC on the common system of value added tax (OJ L, 2025/1986, 30.9.2025, ELI: http://data.europa.eu/eli/dec_impl/2025/1986/oj).

8 Council Implementing Decision (EU) 2025/539 of 18 March 2025 authorising Estonia to apply a measure derogating from Article 26(1), point (a), and Articles 168 and 168a of Directive 2006/112/EC on the common system of value added tax (OJ L 2025/539, 21.3.2025, ELI: http://data.europa.eu/eli/dec_impl/2025/539/oj).

9 Council Implementing Decision (EU) 2024/3205 of 10 December 2024 amending Implementing Decision (EU) 2018/1493 authorising Hungary to introduce a special measure derogating from point (a) of Article 26(1) and Articles 168 and 168a of Directive 2006/112/EC on the common system of value added tax (OJ L 2024/3205, 19.12.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/3205/oj).

10 Council Implementing Decision (EU) 2024/2884 of 5 November 2024 amending Implementing Decision (EU) 2018/1994 authorising Croatia to introduce a special measure derogating from point (a) of Article 26(1) and Articles 168 and 168a of Directive 2006/112/EC on the common system of value added tax (OJ L, 2024/2884, 13.11.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/2884/oj).

11 Council Implementing Decision (EU) 2024/3206 of 10 December 2024 amending Implementing Decision (EU) 2015/2429 authorising Latvia to introduce a special measure derogating from point (a) of Article 26(1) and Articles 168 and 168a of Directive 2006/112/EC on the common system of value added tax (OJ L, 2024/3206, 19.12.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/3206/oj).

12 COM (2004) 728 final – Proposal for a Council Directive amending Directive 77/388/EEC with a view to simplifying value added tax obligations (OJ C 24, 29.1.2005, p. 10) withdrawn on 21 May 2014 (OJ C 153, 21.05.2014, p.3).

- **Consistency with other Union policies**

This measure is consistent with the EU Startup and Scaleup Strategy[13] to support young and innovative companies and is also compatible with the Commission's 2025 work programme[14] which highlights the implementation and simplification agenda.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

Article 395 of the VAT Directive.

- **Subsidiarity (for non-exclusive competence)**

Considering the provision of the VAT Directive on which the proposal is based, the subsidiarity principle does not apply.

- **Proportionality**

The Decision concerns an authorisation granted to a Member State upon its own request and does not constitute any obligation.

Given the limited scope of the derogation, the special measures are proportionate to the aim pursued, i.e. to simplify tax collection and to prevent certain forms of tax evasion or avoidance. In particular, given the potential for businesses to under declare their liability and the burdensome check of mileage data for tax authorities, the 50% restriction would simplify the VAT collection procedure and would prevent tax evasion inter alia through incorrect record keeping.

- **Choice of the instrument**

The instrument proposed is a Council Implementing Decision.

Under Article 395 of the VAT Directive, a derogation from the common VAT provisions is only possible upon authorisation of the Council acting unanimously on a proposal from the Commission. A Council Implementing Decision is the most suitable instrument since it can be addressed to an individual Member State.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

No stakeholder consultation has been conducted. This proposal is based on a request made by Romania and concerns only this particular Member State.

- **Collection and use of expertise**

There was no need for external expertise.

---

13 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - The EU Startup and Scaleup Strategy - Choose Europe to start and scale (COM(2025) 270 final); see [EUR-Lex - 52025DC0270 - EN - EUR-Lex](EUR-Lex - 52025DC0270 - EN - EUR-Lex).

14 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Commission work programme 2025 - Moving forward together: A Bolder, Simpler, Faster Union (COM(2025) 45 final); see EUR-Lex - 52025DC0045 - EN - EUR-Lex.

- **Impact assessment**

The proposal aims to simplify the procedure for collecting VAT and to prevent VAT evasion. The proposed special measures have, therefore, a potential positive impact for both businesses and tax administration. The special measures have been identified by Romania as the most appropriate solution and are comparable to other past and present derogations granted to other Member States.

- **Fundamental rights**

The proposal does not have any consequences for the protection of fundamental rights.

4. BUDGETARY IMPLICATIONS

The proposal will not adversely affect the Union's own resources from VAT.

5. OTHER ELEMENTS

The proposal is limited in time and includes a sunset clause set at 31 December 2029.

In case Romania would consider a further extension of the special measures beyond 2029, it should submit to the Commission an extension request accompanied by a report including a review of the percentage restriction no later than 31 March 2029.

2026/0253 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) 2024/1641 as regards an extension of the authorisation for Romania to apply special measures derogating from Article 26(1), point (a), and Article 168 of Directive 2006/112/EC on the common system of value added tax

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax[15], and in particular Article 395(1), first subparagraph, thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) By Council Implementing Decision (EU) 2024/1641[16], Romania was authorised to apply special measures by way of derogation from Article 168 of Directive 2006/112/EC, to limit to 50 % the right to deduct VAT on the purchase, intra-Community acquisition, importation, hire or leasing of certain motorised road vehicles as well as the VAT charged on expenditure related to those vehicles, where they are not entirely used for business purposes, and, by way of derogation from Article 26(1), point (a), of Directive 2006/112/EC, to relieve taxable persons from having to treat the use of such vehicles for purposes other than those of their business as a supply of services for consideration. Those special measures are set to expire on 31 December 2026.

(2) By letter registered with the Commission on 19 May 2026, Romania requested an authorisation, in accordance with Article 395(2), first subparagraph, of Directive 2006/112/EC, to continue to apply the special measures beyond 31 December 2026.

(3) By letter dated 22 May 2026, the Commission transmitted the request made by Romania to the other Member States in accordance with Article 395(2), second subparagraph, of Directive 2006/112/EC. By letter dated 26 May 2026, the Commission notified Romania that it had all the information necessary for the appraisal of the request.

(4) In accordance with Article 5(3) of Council Implementing Decision (EU) 2024/1641, Romania submitted, together with the request, a report including the review of the percentage restriction applied to the right to deduct VAT referred to in Article 1 of that Decision. Based on currently available information, Romania claims that the limit of 50 % is still justifiable and remains appropriate.

---

15 OJ L 347, 11.12.2006, p. 1, ELI: http://data.europa.eu/eli/dir/2006/112/oj.

16 Council Implementing Decision (EU) 2024/1641 of 24 May 2024 authorising Romania to apply special measures derogating from Article 26(1), point (a), and Article 168 of Directive 2006/112/EC on the common system of value added tax (OJ L, 2024/1641, 6.6.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/1641/oj).

(5) Given the positive impact of the special measures on the administrative burden of the taxpayers and of tax authorities by simplifying VAT collection and preventing tax evasion through incorrect record keeping, the Commission therefore considers it appropriate to authorise Romania to continue to apply the special measures.

(6) It is appropriate to limit the extension of the special measures in time to allow for an evaluation of its effectiveness and the appropriateness of the percentage restriction applied to the right to deduct VAT. Romania should therefore be authorised to continue to apply the special measures until 31 December 2029.

(7) The special measures are proportionate to the objectives pursued, namely, to simplify the procedure for collecting VAT and to prevent certain forms of tax evasion or avoidance, since it is limited in time and scope. In addition, the special measures do not give rise to the risk that fraud would shift to other sectors or to other Member States.

(8) In the event that Romania considers that a further extension of the special measures is necessary beyond 2029, it should submit to the Commission a request for an extension by 31 March 2029, together with a report which includes a review of the percentage restriction applied on the right to deduct VAT.

(9) The application of the special measures beyond 31 December 2026 will only have a negligible effect on the overall amount of tax revenue that Romania collects at the stage of final consumption and will not adversely affect the Union's own resources accruing from VAT.

(10) Council Implementing Decision (EU) 2024/1641 should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

In Article 5 of Council Implementing Decision (EU) 2024/1641, paragraphs 2 and 3 are replaced by the following:

2. This Decision shall apply from 1 January 2027 to 31 December 2029.

3. Any request for an extension of the special measures laid down in Articles 1 and 3 shall be submitted to the Commission by 31 March 2029 and shall be accompanied by a report which includes a review of the percentage limitation applied on the right to deduct VAT on the basis of this Decision.'.

Article 2

This Decision shall take effect on the date of its notification.

Article 3

This Decision is addressed to Romania.

Done at Brussels,

For the Council
The President