EUROPEAN
COMMISSION

Brussels, 10.9.2026
COM(2026) 461 final

2026/0255 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) 2018/485 as regards an extension of the authorisation for Denmark to apply a special measure derogating from Article 75 of Directive 2006/112/EC on the common system of value added tax

EXPLANATORY MEMORANDUM

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

By letter registered with the Commission on 31 March 2026, Denmark requested the authorisation to continue to apply a flat-rate scheme for the private use of light goods vehicles with a maximum authorised total weight of three tonnes, which have been registered solely for business use, extending the application of the special measure granted by Council Implementing Decision (EU) 2018/485[2] which derogates from Article 75 of the VAT Directive.

In accordance with Article 395(2) of the VAT Directive, the Commission informed the other Member States, by letter dated 24 July 2026 of the request made by Denmark. The Commission notified Denmark by letter dated 29 July 2026 that it had all the information necessary to consider the request.

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

In order to simplify VAT collection and combat tax evasion, Denmark requested in 2011 a special measure which would allow the introduction of a flat-rate scheme for the private use of light goods vehicles with a maximum authorised total weight of three tonnes which have been registered solely for business use. The request was approved by Council Implementing Decision 2012/447/EU of 24 July 2012[3]. Denmark requested an extension of the special measure four times. The first extension, in the form of a new but identical derogation, was approved by Council Implementing Decision (EU) 2015/992 of 19 June 2015[4]. Another new derogation, via Council Implementing Decision (EU) 2018/485 of 19 March 2018, extended the special measure again. The latter Decision was subsequently extended by Council Implementing Decision 2020/1088 of 22 July 2020[5] and by Council Implementing Decision (EU) 2023/2094 of 25 September 2023[6]. The Implementing Decision (EU) 2018/485 is set to expire on 31 December 2026.

---

1 OJ L 347, 11.12.2006, p. 1.

2 Council Implementing Decision (EU) 2018/485 of 19 March 2018 authorising Denmark to apply a special measure derogating from Article 75 of Directive 2006/112/EC on the common system of value added tax (OJ L 81, 23.3.2018, p. 13–14), amended by Council Implementing Decision (EU) 2020/1088 of 22 July 2020 (OJ L 239, 24.7.2020, p. 14).

3 Council Implementing Decision of 24 July 2012 authorising Denmark to introduce a special measure derogating from Article 75 of Directive 2006/112/EC on the common system of value added tax (OJ L 202, 28.7.2012, p. 24-25).

4 Council Implementing Decision (EU) 2015/992 of 19 June 2015 authorising Denmark to introduce a special measure derogating from Article 75 of Directive 2006/112/EC on the common system of value added tax (OJ L 159, 25.6.2015, p. 66).

5 Council Implementing Decision (EU) 2020/1088 of 22 July 2020 amending Implementing Decision (EU) 2018/485 authorising Denmark to apply a special measure derogating from Article 75 of Directive 2006/112/EC on the common system of value added tax (OJ L 239, 24.7.2020, p. 14).

6 Council Implementing Decision (EU) 2023/2094 of 25 September 2023 amending Implementing Decision (EU) 2018/485 as regards an extension of the authorisation for Denmark to apply a special

Without such special measure the Danish legislation implies that any private use of such a vehicle registered solely for business purposes would have as a consequence that the taxable person loses in full the right of deduction of the VAT on the purchase cost of the vehicle. Denmark makes use of a standstill provision under Article 176 of the VAT Directive regarding the deduction of VAT on the purchase and running costs of light goods vehicles with a maximum authorised weight of up to three tonnes. If a business registers such a light goods vehicle as being solely for business purposes, it will be authorised to deduct in full the VAT on the purchase of the vehicle as well as the running costs. However, a business which registers a light goods vehicle as being both for business and personal use is not authorised to deduct the VAT on the purchase cost but can deduct in full the VAT on the running costs of the vehicle.

The Danish system as described above can be complicated and costly to administer, both for the taxable person and for the tax administration. Denmark has therefore requested to continue to apply a simplified procedure as previously granted by Council Implementing Decision (EU) 2018/485, whose validity was most recently extended by Council Implementing Decision (EU) 2023/2094.

According to Article 75 of the VAT Directive, where goods forming part of the assets of a business are used for private purposes, the taxable amount to determine the VAT due shall be the full cost to the taxable person of providing the services. The flat-rate system used in Denmark may be used by a taxable person for up to twenty days per calendar year. Pursuant to this system, the taxable person pays a charge per day for the private use of the vehicle. The flat-rate amount of VAT to be paid per day for the use of the vehicle for private purposes is DKK 40, and covers only VAT. As required by Article 3 of Council Implementing Decision (EU) 2018/485, Denmark submitted, together with its extension request, a report on the review of the measure and, in particular, on the calculation of the VAT amount. That report confirms, on the basis of updated data for 2024, that the total estimated VAT per day of private use amounts to approximately DKK 40.3, and that the collectable VAT amount therefore remains unchanged at DKK 40 per day. This amount has been determined by the Danish Government on the basis of an analysis of national statistics. Should the taxable person use the vehicle for private purposes for more than twenty days during a calendar year, the standstill rules would apply, and the taxable person would lose in full the right of deduction of the purchase costs of the vehicle.

The Danish authorities have developed an electronic system whereby taxable persons can pay the daily flat-rate either online or via a mobile app. At the time of payment, the taxable person receives a 'day voucher' by way of documentary evidence that the VAT has been paid. The authorities consider the system to simplify the accounting obligations for the taxable persons as well as the tax authorities' duty to charge and collect the tax.

The simplified procedure is optional. The taxable person would therefore still be able to register their light goods vehicle for both business and private use if that suits their circumstances.

According to the Danish authorities, as set out in the above-mentioned report, the simplified procedure has worked very well in recent years and there are good reasons to continue with such a procedure. The data submitted by Denmark show that, in 2023, 2024 and 2025 respectively, 37 600, 38 800 and 38 000 day vouchers were sold at DKK 225, of which DKK 40 represents the VAT component that is the subject of this measure. The remainder covers a

measure derogating from Article 75 of Directive 2006/112/EC on the common system of value added tax (OJ L 241, 29.9.2023, p. 121).

separate charge under Danish national legislation. The data confirm that the measure has been taken up by a stable and significant number of taxable persons.

It is therefore appropriate to authorise Denmark to continue to apply the special measure until 31 December 2029.

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

Article 176 of the VAT Directive stipulates that the Council shall determine the expenditure in respect of which VAT is not deductible. Until then, it authorises Member States to maintain the exclusions provided for under their national laws on 1 January 1979. There are therefore a number of 'standstill' provisions restricting the right to deduct in relation to passenger cars.

Notwithstanding previous initiatives to establish rules on which categories of expenditure may be subject to a restriction on the right to deduct[7], such special measure is appropriate in the awaiting of a harmonisation of these rules at EU level

- **Consistency with other Union policies**

The special measure is consistent with the Union's broader objective of reducing administrative burdens on businesses, in particular small and medium-sized enterprises, as pursued under the Commission's better regulation agenda[8]. By offering a simplified optional scheme for the calculation of the taxable amount on occasional private use of business vehicles, the measure reduces compliance costs for taxable persons and administrative costs for tax authorities without affecting the overall integrity of the VAT system.

The measure is also consistent with the Union's efforts to reduce the VAT gap and combat tax evasion, as it provides a straightforward and verifiable mechanism for taxable persons to account for the VAT due on occasional private use of business vehicles, replacing a rule that in practice created incentives for non-compliance.

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 it is based, the proposal falls under the exclusive competence of the European Union. Hence, 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 special measure, it is proportionate to the aim pursued, i.e. to simplify VAT obligations and VAT collection, as well as combatting tax evasion.

---

7 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)

8 COM(2021) 219 final

- **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 rules is only possible upon authorisation by the Council, which is 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

- **Ex-post evaluations/fitness checks of existing legislation**

No ex-post evaluation or fitness check has been carried out in relation to this proposal. The measure is an individual derogation from the VAT Directive addressed to a single Member State on the basis of its own request and does not constitute a horizontal piece of Union legislation susceptible to a fitness check. The review of the measure is instead ensured through the sunset clause mechanism built into the authorising Decision itself, which requires Denmark to submit a report reviewing the measure together with any request for further extension.

- **Stakeholder consultations**

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

- **Collection and use of expertise**

There was no need for external expertise.

- **Impact assessment**

The proposal is designed to counter VAT evasion and to simplify the procedure for charging tax and has, therefore, a potential positive impact for both businesses and administrations. The solution has been identified by Denmark as a suitable measure. Denmark submitted the report on the review of the measure according to which the simplified procedure has worked very well the last years and there are good reasons to continue with such a procedure.

According to the data submitted by Denmark, the simplified procedure has worked very well in recent years. The number of day vouchers sold confirms that the measure has been taken up by a stable and significant number of taxable persons, and there are therefore good reasons to continue with such a procedure.

- **Regulatory fitness and simplification**

The proposal is an individual derogation addressed to a single Member State on the basis of its own request, and its scope is limited to a specific category of taxable persons in Denmark.

At national level, however, the measure has a simplification purpose. It offers an optional flat-rate daily charge as an alternative to a more complex VAT adjustment calculation for taxable persons who make occasional private use of a light goods vehicle registered solely for business, thereby reducing their compliance costs and the administrative burden on the Danish tax administration. Since the scheme is optional, no taxable person incurs any additional obligation as a result of this Decision.

The measure is likely to be particularly beneficial for small and medium-sized enterprises and sole traders, who typically operate light goods vehicles of this type and who stand to benefit most from a simplified accounting procedure.

- **Fundamental rights**

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

4. BUDGETARY IMPLICATIONS

The measure will have no adverse impact on the Union's own resources accruing from VAT.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The proposal includes a sunset clause; an automatic time limit which is set at 31 December 2029.

In case Denmark would consider an extension of the special measure beyond 31 December 2029, a report including a review of the measure should be submitted to the Commission together with the extension request and this no later than 31 March 2029.

- **Detailed explanation of the specific provisions of the proposal**

Article 1

Article 1 amends Article 3 of Council Implementing Decision (EU) 2018/485, which contains the temporal scope of the authorisation. The second and third paragraphs of Article 3 are replaced so as to extend the period of application of the special measure from 31 December 2026 to 31 December 2029, and to set a new deadline of 31 March 2029 by which Denmark must submit any further extension request, accompanied by a report reviewing the measure. This is the only substantive amendment made to Decision (EU) 2018/485. The content of the derogating measure itself, as set out in Articles 1 and 2 of that Decision, remains unchanged. In particular, the flat-rate amount of DKK 40 per day, the vehicle weight threshold of three tonnes, and the maximum of 20 days of private use per calendar year are all maintained.

Article 2

Article 2 provides that the Decision shall take effect on the date of its notification to Denmark. This is the standard entry into force provision for Council Implementing Decisions addressed to individual Member States under Article 395 of the VAT Directive and mirrors the equivalent provision in each of the prior Decisions authorising this measure.

Article 3

Article 3 identifies the addressee of the Decision as the Kingdom of Denmark, in accordance with Article 395(1) of the VAT Directive, which requires that derogations be addressed to the specific Member State making the request.

2026/0255 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) 2018/485 as regards an extension of the authorisation for Denmark to apply a special measure derogating from Article 75 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[1], 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) 2018/485[2], Denmark was authorised to apply a special measure derogating from Article 75 of Directive 2006/112/EC ('the special measure') to apply a flat-rate scheme for the private use of light goods vehicles with a maximum authorised total weight of three tonnes which have been registered solely for business. The special measure authorised by Implementing Decision (EU) 2018/485 is set to expire on 31 December 2026.

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

(3) By letters dated 24 July 2026, the Commission transmitted the request submitted by Denmark to the other Member States in accordance with Article 395(2), second subparagraph, of Directive 2006/112/EC. By letter dated 29 July 2026, the Commission notified Denmark that it had all the information necessary for appraisal of the request.

(4) The continued application of the special measure would allow taxable persons who have registered a vehicle only for business purposes to use the vehicle for private purposes, and to calculate the taxable amount of the deemed supply of services pursuant to Article 75 of Directive 2006/112/EC on a daily flat-rate basis, rather than lose their right to deduct the VAT incurred on the purchase cost of the vehicle.

(5) That simplified calculation method should, however, be limited to 20 days of use for private purposes for each calendar year.

(6) According to the information provided by Denmark in its request, the factual situation justifying the application of the special measure has not changed. Denmark submitted to the Commission, together with its request, a report reviewing the flat-rate amount to

---

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

2 Council Implementing Decision (EU) 2018/485 of 19 March 2018 authorising Denmark to apply a special measure derogating from Article 75 of Directive 2006/112/EC on the common system of value added tax (OJ L 81, 23.3.2018, p. 13, http://data.europa.eu/eli/dec_impl/2018/485/oj).

be paid per day for the private use of a vehicle registered solely for business. In that report, Denmark confirms, on the basis of updated data for 2024, that the total estimated VAT per day of private use amounts to approximately DKK 40.3, and that the amount of VAT charged per day therefore remains unchanged at DKK 40.

(7) Denmark further indicates, in its report, that the special measure has worked very well in recent years and that data for 2023, 2024 and 2025 show that 37 600-, 38 800- and 38 000-day vouchers were sold, respectively, and that the special measure aims to simplify the VAT obligations of taxable persons who make occasional private use of a vehicle that was registered solely for business, thereby simplifying the procedure for collecting VAT. However, a taxable person would still be able to choose to register a light goods vehicle as being used for both business and private purposes. In doing so, the taxable person would lose the right to entirely deduct the VAT incurred on the purchase cost of the vehicle, but would not be required to pay a daily charge for any use for private purposes.

(8) The authorisation of the special measure does not deprive taxable persons of the right to deduct fully the input VAT on a vehicle registered solely for business that is used occasionally for private use and is consistent with the general rules on deduction as set out in Directive 2006/112/EC.

(9) It is therefore appropriate to extend the application of the special measure. That extension should be limited in time to allow the Commission to evaluate the effectiveness and appropriateness of the special measure. The authorisation of the special measure should therefore expire on 31 December 2029.

(10) In the event that Denmark requests a further extension of the special measure beyond 31 December 2029, it should submit a report to the Commission together with its extension request by 31 March 2029.

(11) According to information provided by Denmark, the special measure will only have a negligible effect on the overall amount of the tax revenue Denmark collects at the stage of final consumption and it will have no adverse impact on the Union's own resources accruing from VAT.

(12) Implementing Decision (EU) 2018/485 should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

In Article 3 of Implementing Decision (EU) 2018/485, the second and third paragraphs are replaced by the following:

‘It shall apply from 1 January 2018 to 31 December 2029.

Any request for extension of the measure provided for in this Decision shall be submitted to the Commission by 31 March 2029 and shall be accompanied by a report which includes a review of the measure.’.

Article 2

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

Article 3

This Decision is addressed to the Kingdom of Denmark.

Done at Brussels,

For the Council
The President