A GUIDE TO THE

European VAT Directives

Introduction to European VAT 2026

Volume 1 & 2

Ben Terra – Julie Kajus

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Volume 1

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2026

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Published by IBFD

ISBN 978-94-6529-036-2 (print)
ISBN 978-94-6529-039-3 (eBook, PDF)
ISSN 2589-9244 (print); 2950-1052 (electronic)
NUR 826

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Preface

It has been said that VAT "arouses as much interest as a new execution technique does to somebody waiting in death row". On the other hand, it has been suggested that VAT may be thought of as the Mata Hari of the tax world, "many are tempted, many succumb, some tremble at the brink, while others leave only to return, eventually, the attraction appears irresistible". Between the ends of this spectrum VAT is a day-to-day reality within the European Union.

As of 1 July 2013, 28 Member States (from 31 January 2020, 27 Member States) levy VAT based upon a "uniform basis of assessment". In these Member States the national VAT laws are based on EU legislation, predominantly Directive 2006/112/EC on the common system of value added tax, the recast of the First and Sixth VAT Directives, as amended.

A directive is binding upon each Member State to which it is addressed as to the result to be achieved, but allows the national authorities to choose the form and methods of reaching such end. As a result of this freedom of choice national VAT laws are not identical. However, in the final analysis EU legislation is decisive; individual taxpayers can derive rights from it.

In 1990, we wrote *A Guide to the European VAT Directives*, a two-volume commentary on the European VAT directives. In 1992 these bound volumes were replaced by a loose-leaf version, eventually of six binders of several thousands of pages. In 2004 the loose-leaf version was replaced by an even more extended digital version (updated regularly).

The digital version of the "European VAT Directives", part of the IBFD digital Tax Research Platform, is accompanied by two bound volumes (replaced yearly):

Volume 1 ("Introduction to European VAT") is meant to serve as a textbook for advanced students of tax law and/or EU law and as a reference book for (indirect) tax law or EU law practitioners. It offers a systematic survey of the implications of the legal principles on indirect tax matters and VAT rules of the European Union in force and a discussion of the case law of the Court of Justice of the European Union in indirect tax matters, particularly in VAT.

Volume 1 is divided into two parts:

I) General subjects; and
II) European VAT.

Part I "General subjects" deals with six subjects:

1) Sources of EU tax law;
2) Legal principles;
3) Legal Acts;
4) Judicial remedies;
5) Effectiveness of EU (indirect tax) law; and
6) Methods of interpretation.

In Part II, after a general introduction on VAT as fiscal phenomenon, the European VAT is discussed as provided for in the Sixth VAT Directive as replaced by Council Directive 2006/112/EC on the common system of VAT (the Recast VAT Directive, referred to as "the VAT Directive"). VAT issues are illustrated by excerpts of decisions of the Court of Justice.

In the interest of brevity, we have at various places omitted citations, references to the European Court Reports and footnotes from quoted materials without specifically mentioning the omission.

Volume 2 consists of two parts. The first part contains an (unofficial) integrated text of Council Directive 2006/112/EC on the common system of value added tax ("the VAT Directive"), as amended, including implementing Regulation (EU) No. 282/2011, as amended and references to guidelines of the VAT Committee.

During 2025, legal texts amending the VAT Directive and the Implementing Regulation were adopted, some of which will not be applicable until 2032. These texts have not yet been integrated into the VAT Directive as doing so would significantly reduce the readability of the text. Instead, the amending directives and regulations are reproduced in full at the end of the integrated text of the VAT Directive. Those texts are (i) Council Directive (EU) 2025/516 (VAT in the digital age); (ii) Council Implementing Regulation (EU) 2025/518 (information requirements for certain VAT schemes); (iii) Council Directive (EU) 2025/1539 (Special schemes for distance sales of goods – IOSS); (iv) Council Directive (EU) 2025/425 (Tax exemption certificate); and (v) Council Implementing Regulation (EU) 2025/428 (Tax exemption certificate).

The first part also contains the refund VAT Directive 2008/9/EC, as amended; the Thirteenth (refund) Directive (86/560/EEC); and the three directives granting exemption on importation (Directive 2006/79/EC on the exemption from taxes of imports of small consignments of goods of a non-commercial character, Directive 2007/74/EC on the exemption from VAT and excise duty of goods imported by persons travelling from third countries and Directive 2009/132/EC regarding exemption from VAT on the final importation of certain goods).

The second part is an (unofficial) integrated text of the Sixth VAT Directive as applicable until 1 January 2007.

Although around 1,000 cases are covered in Volume 1 of this book, the choice to omit others is entirely ours. We welcome comments from readers.

Ben Terra/Julie Kajus

1 January 2026

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