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Conformément au règlement (CEE, Euratom) n° 354/83 du Conseil du 1er février 1983 concernant l'ouverture au public des archives historiques de la Communauté économique européenne et de la Communauté européenne de l'énergie atomique (JO L 43 du 15.2.1983, p. 1), tel que modifié par le règlement (CE, Euratom) n° 1700/2003 du 22 septembre 2003 (JO L 243 du 27.9.2003, p. 1), ce dossier est ouvert au public. Le cas échéant, les documents classifiés présents dans ce dossier ont été déclassifiés conformément à l'article 5 dudit règlement.

In accordance with Council Regulation (EEC, Euratom) No 354/83 of 1 February 1983 concerning the opening to the public of the historical archives of the European Economic Community and the European Atomic Energy Community (OJ L 43, 15.2.1983, p. 1), as amended by Regulation (EC, Euratom) No 1700/2003 of 22 September 2003 (OJ L 243, 27.9.2003, p. 1), this file is open to the public. Where necessary, classified documents in this file have been declassified in conformity with Article 5 of the aforementioned regulation.

In Übereinstimmung mit der Verordnung (EWG, Euratom) Nr. 354/83 des Rates vom 1. Februar 1983 über die Freigabe der historischen Archive der Europäischen Wirtschaftsgemeinschaft und der Europäischen Atomgemeinschaft (ABl. L 43 vom 15.2.1983, S. 1), geändert durch die Verordnung (EG, Euratom) Nr. 1700/2003 vom 22. September 2003 (ABl. L 243 vom 27.9.2003, S. 1), ist diese Datei der Öffentlichkeit zugänglich. Soweit erforderlich, wurden die Verschlussachen in dieser Datei in Übereinstimmung mit Artikel 5 der genannten Verordnung freigegeben.

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(84) 144 final.

Brussels, 20 March 1984.

## COMMISSION COMMUNICATION TO THE COUNCIL

concerning the application of Article 27 of the Sixth Council  
Directive of 17 May 1977 on value added tax to a request for derogation  
submitted by the United Kingdom Government

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Commission Communication to the Council concerning the application of Article 27 of the Sixth Council Directive of 17 May 1977 on value added tax (1) to a request for derogation submitted by the United Kingdom Government

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1. On 17 January 1984, the United Kingdom Government informed the Commission, pursuant to the above provisions, of its intention to introduce a measure derogating from the Sixth Directive.
2. The purpose of the derogation is to avoid certain fraud or tax evasion on supplies of gold, gold coin and gold scrap between taxable persons by the introduction of a special tax accounting scheme.
3. The Commission informed the other Member States, by letter dated 14 February 1984, of the request submitted by the United Kingdom Government.
4. In accordance with Article 27(4) of the Sixth Directive, the Council's decision will be deemed to have been adopted if, within two months of the other Member States being informed, as described at 3 above, neither the Commission nor any Member State has requested that the matter be raised by the Council.
5. Provided that the derogation proposed by the United Kingdom Government is restricted to the measures mentioned in paragraph 2 of this Communication, the Commission does not intend to ask for the matter to be raised by the Council.
6. The Commission requests the Council to publish the text of paragraphs 1 to 3 of this Communication in the Official Journal together with its decision.

SIXTH VAT DIRECTIVE: NOTIFICATION BY THE UNITED KINGDOM OF A SPECIAL MEASURE UNDER ARTICLE 27 OF THE SIXTH VAT DIRECTIVE(77/388/EEC)

1. Article 27 provides for Member States to introduce special measures to prevent certain types of tax evasion or abuse. Such measures must be authorised by the Council, after notification to the Commission under Article 27.2. The United Kingdom hereby notifies the Commission that it needed to introduce, as a matter of urgency, such a special measure as detailed below.

2. The United Kingdom has in the last 18 months detected a large number of VAT frauds concerning the supplies, between taxable persons, of gold, gold coins and gold scrap. To date the estimated tax loss is in excess of £100m.

3. The fraud depends for its success on the application of Article 21.1(a) and Article 22.3. Gold is smuggled into the United Kingdom, by a taxable person, from a country which charges either no tax or very little tax on the supply of gold. Once in the United Kingdom this gold is sold by the taxable person to a taxable dealer in gold usually via one or more intermediaries. A tax invoice is issued to the buyer who pays the seller the contracted price plus VAT at 15%. This VAT is deducted as input tax in the normal way, but the seller, once having received payment including VAT, disappears never having accounted to the Customs and Excise for the VAT on his supplies.

4. To deny fraudulent persons the opportunity of perpetrating this type of fraud in the future the United Kingdom considered it necessary to introduce a special scheme under which the seller of gold will not necessarily be paid the VAT on his supply, but instead the buyer will have the option to pay it direct, on the seller's behalf, to Customs and Excise.

5. The scheme, whose use is optional at the discretion of the buyer, requires the seller to issue a tax invoice - Article 22.3. However, the buyer will not pay this tax to the seller but direct to Customs and Excise,

certifying both his copy of the tax invoice and that of the seller to this affect.

6. Customs and Excise will require buyers wishing to have the option to use the special scheme to have prior authorisation. It will be available only to established gold dealers of good repute. The number of such authorised buyers will, it is anticipated, be limited as will the length of duration of the scheme. It is intended as an alteration to the normal VAT procedure for use only in particular cases of doubt, and the number of such cases is expected to be small. The very existence of the scheme is expected to act as a deterrent to fraud, because of the uncertainty it creates as to the prospects of disposing of smuggled gold for a VAT-inclusive price. The use of the scheme will be reviewed after six months to establish whether it can be withdrawn.

7. The United Kingdom submits that this special measure is fully in accordance with the provisions of Article 27.1. Its use is to prevent fraud and it will only apply to a limited number of transactions in gold between taxable persons. The London Gold Market has agreed to the introduction of the scheme, as one of a number of joint measures designed to prevent and deter fraud.