



## Coronavirus Response: Commission proposes to exempt vital goods and services distributed by the EU from VAT in times of crisis

Brussels, 12 April 2021

The European Commission has today [proposed](#) to exempt from Value Added Tax (VAT) goods and services made available by the European Commission, EU bodies and agencies to Member States and citizens during times of crisis. This responds to the [experience gained](#) during the course of the Coronavirus pandemic. Among other things, it has shown that the VAT charged on some transactions ends up being a cost factor in procurement operations that strains limited budgets. Therefore, today's initiative will maximise the efficiency of EU funds used in the public interest to respond to crises, such as natural disasters and public health emergencies. It will also strengthen EU-level disaster and crisis management bodies, such as those falling under the [EU's Health Union](#) and the EU Civil Protection Mechanism.

Once in place, the new measures will allow the Commission and other EU agencies and bodies to import and purchase goods and services VAT-free when those purchases are being distributed during an emergency response in the EU. The recipients might be Member States or third parties, such as national authorities or institutions (for example, a hospital, a national health or disaster response authority). Goods and services covered under the proposed exemption include, for instance:

- diagnostic tests and testing materials, and laboratory equipment;
- personal protective equipment (PPE) like gloves, respirators, masks, gowns, disinfection products and equipment;
- tents, camp beds, clothing and food;
- search and rescue equipment, sandbags, life jackets and inflatable boats;
- antimicrobials and antibiotics, chemical threat antidotes, treatments for radiation injury, antitoxins, iodine tablets;
- blood products or antibodies;
- radiation measuring devices;
- development, production and procurement of necessary products, research and innovation activities, strategic stockpiling of products; pharmaceutical licences, quarantine facilities, clinical trials, disinfection of premises, etc.

Commissioner for the Economy, Paolo **Gentiloni** said: *"The COVID-19 pandemic has taught us that these kinds of crises are multifaceted and have a wide-ranging impact on our societies. A rapid and efficient response is essential, and we need to provide the best response now in order to prepare for the future. Today's proposal supports the EU's goal to react to crises and emergencies in the EU. It will also ensure that the financial impact of EU-level relief efforts to fight the pandemic and support the recovery is maximised."*

### Next steps

The legislative proposal, which will amend the [VAT directive](#), will now be submitted to the European Parliament for its opinion, and to the Council for adoption.

Member States shall adopt and publish, by 30 April 2021 the laws regulations and administrative provisions necessary to comply with this Directive. They shall apply those measures from 1 January 2021.

### Background

The Coronavirus pandemic has thrown into sharp light the importance of coherent, decisive and centralised EU-level preparation and response in times of crisis. In the context of the Coronavirus pandemic, the von der Leyen Commission has already outlined plans to strengthen EU preparedness and management for cross-border health threats, and presented the building blocks of a stronger European Health Union. At the same time, the Commission has proposed to strengthen cooperation

between EU Member States through the EU Civil Protection Mechanism with the aim of improving responses to future natural or man-made disasters. For instance, in the context of the new European Health Union, the Commission [announced](#) the creation of the Health Emergency Response Authority (HERA) to deploy rapidly the most advanced medical and other measures in the event of a health emergency, by covering the whole value chain from conception to distribution and use.

The EU has already taken action in the field of [taxation and customs](#) to support the fight against and the recovery from the Coronavirus pandemic. In April 2020, the EU agreed to waive customs and VAT charges for imports of masks and other protective equipment needed to fight the pandemic. This waiver remains in place and plans are underway for its extension. In December 2020, EU Member States agreed on new measures proposed by the Commission to allow a temporary VAT exemption for vaccines and testing kits being sold to hospitals, doctors and individuals, as well as closely related services. Under the amended Directive, Member States can apply either reduced or zero rates to both vaccines and testing kits if they so choose.

### **For More Information**

[Commission proposes to exempt vital goods and services distributed by the EU in times of crisis](#)

[Council directive amending Council Directive 2006/112/EC as regards exemptions on importations and on certain supplies, in respect of Union measures in the public interest](#)

COVID-19 Response in the field of [taxation and customs](#)

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