

Council of the European Union Proposes That United Kingdom Continue to Apply VAT Flat-Rate Scheme for Non-Deductible VAT Charged on Fuel Expenses in Company Cars

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On 20 November 2023, the Council of the European Union proposed that the United Kingdom continues to apply the VAT flat-rate scheme in Northern Ireland for non-deductible value added tax (VAT) charged on fuel expenses in company cars until 31 December 2026.

This measure was previously authorized by Council Implementing Decision (EU) 2021/512, where the United Kingdom was authorised to apply, in respect of Northern Ireland, until 31 December 2023, a special measure to deviate from articles 16 and 168 of the [VAT Directive \(2006/112\)](#) in order to fix, on a flat-rate basis, the proportion of VAT relating to expenditure on fuel used for private purposes in business cars.

The aim of this measure is to reduce the administrative burdens and compliance costs for taxable individuals who have opted for it, by eliminating the need to maintain mileage records on each company car for VAT purposes. This option is recommended for its simplicity and ability to prevent businesses from forfeiting their right to recover VAT on fuel used for business purposes.

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