

Council of the European Union Authorizes United Kingdom to Continue Applying VAT Flat-Rate Scheme for Non-Deductible VAT Charged on Fuel Expenses for Company Cars

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On 27 December 2023, the Council of the European Union published [Implementing Decision 2023/2907](#) in the Official Journal of the European Union, authorizing the United Kingdom to continue to apply, in respect of Northern Ireland, a VAT flat-rate scheme related to non-deductible value added tax (VAT) charged on fuel expenses for company cars used for private purposes. This is considered a special measure that allows the United Kingdom, in respect of Northern Ireland, to derogate from articles 16 and 168 of the [VAT Directive \(2006/112\)](#), related to the possibility to recover deducted VAT in relation to the private use of certain company goods.

This special measure is aimed at reducing administrative burdens and compliance costs by eliminating the need to maintain mileage records on each company car for VAT purposes. It has proven its effectiveness by simplifying the procedure for collecting VAT in relation to the expenditure on fuel used for private purposes in company cars for both taxable persons and tax administration.

According to the Implementing Decision, the United Kingdom may continue to apply this measure, in respect of Northern Ireland, until 31 December 2026.