

2. QUESTIONS CONCERNING THE APPLICATION OF EU VAT PROVISIONS

2.1 Origin: Commission
Reference: Article 5
Subject: Application of the VAT Directive when activities are carried out in the exclusive economic zone adjacent to the territorial sea of a Member State – follow-up
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1. The VAT Committee by **a large majority** notes that under the United Nations Convention on the Law of the Sea, the exclusive economic zone is an area beyond and adjacent to the territorial sea of a coastal country which shall not extend beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured and comprising the seabed and subsoil of the submarine areas that extend beyond its territorial sea throughout the natural prolongation of its land territory to the outer edge of the continental margin, or to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.
2. The VAT Committee by **a large majority** agrees that in respect of the supplies of goods and services related with activities in the exclusive economic zone on which the coastal Member State has sovereign rights, such a zone shall be regarded as part of the territory of that Member State as defined under point (2) of Article 5 of the VAT Directive.
3. The VAT Committee by **a large majority** agrees that, in the exclusive economic zone, the supplies of goods and services related to activities for which the rights of coastal countries are shared shall be regarded as being supplied outside the territory of the Community as defined under point (1) of Article 5 of the VAT Directive.