GUIDELINES RESULTING FROM THE 23RD MEETING of 1-2 February 1988
XXI/632/88 (1/1)

I. QUESTIONS ON THE INTERPRETATION OF COMMUNITY VAT LEGISLATION

a) Treatment for tax (VAT) purposes of shares issued bar companies to increase their capital

The Committee agreed **unanimously** that such operations should either remain outside the scope of VAT or should be exempt as financial transactions.

The **great majority** of delegations took the view that the issuing company's inputs connected with the issue, such as legal or accountancy services, were part of the company's general activity and that therefore the corresponding VAT should be treated in the normal way.

(…)

b) Application of Article 26 of the Sixth Directive

1. The delegations agreed **unanimously** that a travel agency, insofar as it directly supplied its services by its own means, was no longer acting as an agency (Article 26) but was carrying out an economic activity which was subject to the general principles of the Sixth Directive. Each operation would be taxed entirely, or exempted entirely, in the Member State in which the activity was carried out.

   If the above conditions are met, the operations connected with the provision of camping facilities and of educational courses, would be subject to the provisions of Article 9(2)(a) and Article 9(2)(c) respectively.

2. The **great majority** of the delegations took the view that the difference in tax treatment between travel agencies established within the Community and those established outside for tours carried out inside the Community (only the margin of the first being taxed) was an inevitable consequence of the territoriality principle laid down in Article 26.

3. The delegations were **unanimous** in recognizing that, under the definitive arrangements, Article 26 did not permit tax to be charged on the margin or part of the margin of a travel agent established in the Community which related to tours to be carried out in non-Community countries.