

5. CASE LAW – ISSUES ARISING FROM RECENT JUDGMENTS OF THE COURT OF JUSTICE OF THE EUROPEAN UNION

5.3 Origin: Denmark
Reference: Article 146(1)(e) of the VAT Directive
Subject: Case C-288/16 ‘L.Č’ IK
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1. Further to the decision of the Court of Justice of the European Union in case C-288/16 ‘L.Č’ IK, the VAT Committee, at **large majority**, agrees that the words “directly connected” in Article 146(1)(e) of the VAT Directive are to be interpreted as meaning that the transport or ancillary services must be provided directly to the consignor or the consignee of the goods.
2. Therefore, the VAT Committee, at **large majority**, agrees that the VAT exemption laid down in Article 146(1)(e) of the VAT Directive shall not apply to a supply of services, such as transport of goods to a third country, when these services are not provided directly to the consignor or the consignee of the goods.
3. In particular, the VAT Committee, at **large majority**, acknowledges that supplies of transport services or ancillary services carried out by a subcontractor of the principal contractor supplying those services on to the consignor or the consignee of the goods cannot be exempt from VAT and shall be subject to VAT according to the normal rules of the VAT Directive.