

June infringements package: key decisions

Overview by policy area

In its monthly package of infringement decisions, the European Commission ('Commission') is pursuing legal action against Member States for failing to comply with their obligations under EU law. These decisions, covering various sectors and EU policy areas, aim to ensure the proper application of EU law for the benefit of citizens and businesses.

The key decisions taken by the Commission are presented below and grouped by policy area. The Commission is also closing 97 cases in which the issues with the Member States concerned have been solved without the Commission needing to pursue the procedure further.

For more information on the EU infringement procedure, see the full [MEMO/12/12](#). For more detail on all decisions taken, consult the [infringement decisions' register](#).

1. Environment

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Letters of formal notice:

Waste: Commission urges 9 Member States to fully comply with EU rules on ship recycling

Today, the Commission decided to open EU infringement proceedings against **Croatia, Cyprus, Germany, Greece, Italy, Portugal, Romania, Slovenia, and Sweden** over their duty to fully implement European legislation on ship recycling (the Ship Recycling Regulation, [Regulation \(EU\) No 1257/2013](#)). The EU Regulation aims to make [ship recycling](#) greener and safer. The Regulation's main objective is to ensure that ships under EU authority (those sailing under the flag of an EU Member State) are recycled in a safe and sustainable manner. It is essential that Member States fulfil key obligations relating to the designation of competent authorities, administrations and contact persons and to the establishment of national law provisions relating to the enforcement of these EU rules and the applicable penalties. All of these obligations had to be fulfilled by 31 December 2018 and Member States were obliged to notify the relevant designations and national enforcement provisions to the Commission by the same date. However, to date, these Member States have not, or not completely, fulfilled their relevant obligations. The Commission is, therefore, sending letters of formal notice to all these Member States. The Member States concerned have now two months to reply; otherwise, the Commission may send a reasoned opinion.

Marine environment: Commission calls on PORTUGAL to protect its marine waters

The European Commission urges **Portugal** to comply with the reporting obligations on the environmental status of marine waters under the EU rules establishing a Marine Strategy Framework ([Directive 2008/56/EC](#)). This EU law provides a comprehensive framework to protect the EU's seas and oceans, and ensures that their resources are managed sustainably. Member States were required to review and update their assessment of the environmental status of the waters concerned, the environmental impact of human activities, their determination of good environmental status and their environmental targets by 15 October 2018. Portugal failed to submit reports to the Commission by the required deadline. As a result, today, the Commission decided to send a letter of formal notice to Portugal. The Portuguese authorities have now two months to reply; otherwise, the Commission may send a reasoned opinion.

2. Internal Market, Industry, Entrepreneurship and SMEs

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Letters of formal notice:

Single Market: Commission calls on 28 Member States to comply with EU rules on services

Today, the European Commission decided to send letters of formal notice to all 28 Member States, requesting them to improve their points of single contact ([PSC](#)) and to provide user-friendly one-stop shops for service providers and professionals. The points of single contact contribute to a modern Single Market for businesses, who need to get easy access to the information they need and complete administrative procedures online. In line with the Services Directive ([Directive 2006/123/EC](#)), Member States must establish PSCs to help service providers and professionals overcome administrative hurdles in the access to service activity. These PSCs are very important for the free movement of services in the Single Market. In the letters of formal notice, the Commission points out deficiencies in how the 28 Member States have implemented the requirements for the PSCs as laid down in the Services Directive and the Recognition of Professional Qualifications Directive ([Directive 2005/36/EC](#), as amended by [Directive 2013/55/EU](#)). The letters address issues with the online availability and quality of information on requirements and procedures relevant for service providers and professionals who want to make use of their Single Market rights. The letters also cover concerns with access to and completion of procedures online through the PSCs, including for cross-border users. This is why the compliance with the EU Regulation on electronic identification (910/2014) is also important. Member States have two months to reply to the arguments raised by the Commission. Otherwise, the Commission may decide to send a reasoned opinion.

e-Invoicing: Commission calls on 12 Member States to transpose new rules

On 21 May 2019, the Commission decided to send a letter of formal notice to 12 Member States (**Cyprus, Finland, France, Greece, Hungary, Ireland, Lithuania, Luxembourg, Romania, Slovakia, Slovenia and Spain**) that have not

yet transposed EU rules on electronic invoicing in public procurement ([Directive 2014/55/EU](#)) or implemented the European [e-Invoicing](#) standard. By 17 April 2019, public authorities engaging in public procurement in the EU should have complied with the European standard on e-Invoicing and been able to receive and process electronic invoices accordingly. The EU standard helps to ensure the timely and automatic processing of companies' e-Invoices and payments, makes it easier for companies to manage their contracts in any Member State and raises the attractiveness of public procurement for businesses. To help Member States with the implementation of the new standard, the Commission invested over €33 million in grant funding to support the uptake of innovative e-Invoicing solutions, such as end-to-end automation, robotics and the use of artificial intelligence, including through the Connecting Europe Facility ([CEF](#)) on the e-Invoicing Building Block. The 12 Member States have two months to respond to the arguments raised by the Commission; otherwise, the Commission may decide to send a reasoned opinion to them. In the meantime, the Commission stands ready to continue to help Member States in this process.

A closure

Defence procurement: Commission closes a case against ITALY

Today, the Commission decided to close an infringement case against **Italy** concerning its application of EU defence procurement rules ([Directive 2009/81/EC](#)). By sending a letter of formal notice, the Commission opened the infringement proceedings in [January 2018](#). In the letter, the Commission expressed its concerns about the direct awards of a number of defence contracts, which the Commission considered to be in breach of EU defence procurement rules. Further to a constructive dialogue between the Commission and the Italian authorities, as well as the measures taken and clarifications provided by Italy the Commission decided to close the case.

3. Taxation and Customs Union

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Referrals to the Court of Justice of the European Union

Taxation: Commission refers AUSTRIA to the Court for its failure to align with EU VAT rules for travel agents

The Commission decided today to refer **Austria** to the Court of Justice of the EU for not applying special VAT rules for travel agents correctly. The [special VAT scheme](#) for travel agents means that VAT should be applied only on the margins made from sales of travel services to consumers. In return, however, travel agents cannot deduct VAT they pay while buying services from other businesses. However, Austria does not correctly apply this rule, because it currently excludes from travel services sold to other businesses from the scheme. Such an exclusion is not allowed under current EU rules, and can lead to a distortion of competition. Austria also infringes on this provision (VAT Directive, [Council Directive 2006/112/EC](#)) by calculating the

VAT to be paid by travel agents on an overall turnover within a tax period. EU case law (Commission vs Spain, case [C-189/11](#)) clearly states that the taxable amount must be defined for each individual sale, and not calculated on the basis of a group of sales. For more information, please refer to the full [press release](#).

Taxation: Commission refers SPAIN to the Court for imposing disproportionate sanctions for failures to report assets held abroad

The Commission decided today to refer **Spain** to the Court of Justice of the EU for imposing disproportionate penalties on Spanish taxpayers for the failure to report assets held in other EU and EEA States ("Modelo 720"). Currently, Spain requires resident taxpayers to submit information on the assets they hold abroad. This includes properties, bank accounts and financial assets. The failure to submit this information on time and in full is subject to sanctions that are higher than those for similar infringements in a purely domestic situation, and which may even exceed the value of assets held abroad. The Commission considers that such sanctions for incorrect or belated compliance with this legitimate information obligation are disproportionate and discriminatory. They may deter businesses and private individuals from investing or moving across borders in the Single Market. Such provisions are consequently in conflict with the fundamental freedoms in the EU, such as the free movement of persons, the free movement of workers, the freedom of establishment, the freedom to provide services and the free movement of capital. For more information, please refer to the full [press release](#).

Reasoned opinions:

Taxation: Commission requests POLAND to align its national practices regarding exemptions for imported alcohol used to produce medicines with EU rules

The Commission decided today to send a reasoned opinion to **Poland** for not allowing importers of alcohol used for medicines to avail of a mandatory exemption from excise duty, in case they do not choose the duty suspension arrangement. Current Polish rules do not provide scope for refunding the excise duty paid on the import of ethyl alcohol that is used to produce medicines after the duty has been paid. This practice runs against provisions of EU law on the harmonisation of the structures of excise duties on alcohol and alcoholic beverages and the principle of proportionality ([Council Directive 92/83/EEC](#)). If Poland does not act within the next two months, the Commission may decide to bring the case before the Court of Justice of the EU.

Taxation: Commission requests that HUNGARY align tax rates on cigarettes with the minimum EU threshold

The European Commission decided today to send a reasoned opinion to **Hungary** for failing to reach the minimum EU threshold for excise duty on cigarettes set by EU rules on manufactured tobacco ([Council Directive 2011/64/EU](#)). Current rules, which aim to ensure the proper functioning of the internal market and a high level of protection for human health, require Member States

to charge an excise duty on cigarettes of at least 60% of the applicable weighted average retail price of cigarettes. Hungary was allowed a long transitional period until 31 December 2017 in order to gradually increase the excise duty on cigarettes and reach the required minimum threshold. To date, the excise duty applied by Hungary remains below that threshold, generating distortions of competition with other Member States and at odds with the EU health protection policy. If Hungary does not act within the next two months, the Commission may decide to bring the case before the Court of Justice of the EU.

Letters of formal notice:

Taxation: Commission requests CYPRUS to amend its rules on imported cars

The Commission has decided to send a letter of formal notice to **Cyprus** for immobilisation of motor vehicles. Cypriot law provides for on-the-spot immobilisation of motor vehicles without any prior warning when temporary importation and registration rules have not been complied with. Administrative fines can also be imposed in certain cases, which could exceed the value of the vehicle itself. Member States are required to comply with EU law and its general principles, including the principle of proportionality, while the European Court of Justice of the EU has repeatedly held that administrative measures or penalties must not go beyond what is strictly necessary and be in line with the freedoms enshrined in [Article 45](#) of the Treaty on the Functioning of the EU ([TFEU](#)). If Cyprus does not act within the next two months, the Commission may send a reasoned opinion to the Cypriot authorities.

Car taxation: Commission calls on MALTA to change its legislation on the annual circulation tax for cars

The Commission decided to send a letter of formal notice to **Malta** asking it to amend its rules on car taxation. Under current Maltese legislation, cars registered in Malta after 1 January 2009 and imported from other Member States are taxed more heavily than similar cars registered in Malta before that date, even when the imported car has already been registered in another Member State. The Commission considers that the Maltese legislation is not compatible with EU law. According to the case-law ([Article 110](#) of [TFEU](#)) of the Court of Justice of the EU, EU law is infringed where road taxes are calculated according to different criteria which lead to higher taxes being imposed on cars imported from other Member States compared to non-imported vehicles. The Maltese authorities have now two months to reply; otherwise, the Commission may send a reasoned opinion.