

### **UK VAT grouping of non-taxable persons**

The European Commission has issued reasoned opinions against eight Member States concerning their VAT grouping rules. In the UK's case, the Commission considers that the inclusion of non-taxable persons is contrary to the purposes of the Principal VAT Directive (2006/112/EC). This action could have significant UK implications, where inclusion of non-taxable persons (such as passive holding companies) in VAT groups has hitherto facilitated input VAT recovery.

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