

Case C-86/99

Freemans plc

v

Commissioners of Customs & Excise

(Reference for a preliminary ruling from the VAT and Duties Tribunal, London)

(Sixth VAT Directive — Taxable amount — Discount accounted for at the time of the supply — Price reduction after the supply takes place)

Opinion of Advocate General Mischo delivered on 11 January 2001 I-4169

Judgment of the Court (Sixth Chamber), 29 May 2001 I-4179

Summary of the Judgment

*Tax provisions — Harmonisation of laws — Turnover taxes — Common system of value added tax — Taxable amount — Sales promotion system in the context of a self-financed credit scheme established by the supplier giving entitlement to a discount on the catalogue price — Taxable amount constituted by the full catalogue price, reduced accordingly by the amount of the discount when used
(Council Directive 77/388, Art. 11A(3)(b) and C(1))*

Upon a proper construction of Article 11A(3)(b) and C(1) of the Sixth Directive 77/388 on the harmonisation of the laws of the Member States relating to turnover taxes, the taxable amount in respect of goods supplied by mail order from a catalogue to a customer for the customer's own use where the supplier allows the customer a discount from the catalogue price, a separate account being credited in the customer's favour with the amount of that discount as and when instalment payments are paid to the supplier — a discount which may then be

immediately withdrawn or used in another way by the customer — is the full catalogue price of the goods sold to the customer, reduced accordingly by the amount of that discount at the time when it is withdrawn or used in another way by the customer.

(see para. 36 and operative part)