Value added tax (VAT): administrative cooperation, exchange of information by electronic means

2004/0262(CNS) - 12/02/2008 - Final act

PURPOSE: to introduce administrative cooperation arrangements in the context of the one-stop scheme and the refund procedure for value added tax.

LEGISLATIVE ACT: Council Regulation (EC) N° 143/2008 amending Regulation (EC) N° 1798/2003 as regards the introduction of administrative cooperation and the exchange of information concerning the rules relating to the place of supply of services, the special schemes and the refund procedure for value added tax.

CONTENT: This Regulation is part of a package of measures aimed at simplifying value-added tax (VAT) arrangements for businesses. The package includes a change in the rules on the place of supply of services in order to ensure that most types of services are taxed in the Member State of consumption. At the same time, the package introduces the possibility for taxpayers who perform certain services to fulfil their EU-wide VAT reporting obligations in one single member state (using a "mini one stop shop") and thus reduce their compliance costs. (Please refer to CNS/2003/0329, CNS/2005/0807 and CNS/2004/0261)

This Regulation provides for improved mechanisms for cooperation between member states in order to prevent tax avoidance under the new system. It makes it possible for taxable persons to have a single point of contact for VAT compliance in their Member State of identification (both for the VAT one-stop scheme and for the new refund procedure), by building a system of exchange of information between tax administrations. Such an exchange of information will be built within the legal framework on VAT administrative cooperation (Council Regulation 1798/2003/EC) and will be based on electronic communications. This electronic system to support the exchanges of information required under the one-stop scheme and the refund procedure is to be integrated within a modernised VIES (VAT Information Exchange System) in order to make it possible to ease the burden on tax administrations.

The VAT package provides the following:

1. for business-to-business services, taxation will be at the place where the customer is situated, and no longer at the place where the service provider is established, as is currently the case;
2. for business-to-consumer services:
    - for most services, the place of taxation will continue to be that where the
    - supplier is established, as at present;
    - however, in certain circumstances, taxation of business-to-consumer services will be at the place of consumption in order to prevent distortions of competition between Member States operating different VAT rates. This category includes: restaurant services; the hiring of means of transport; cultural, sporting, scientific and educational services; and telecommunications, broadcasting and electronic services;
    - the "one-stop shop" system will be introduced for telecoms, broadcasting and electronic services in order to simplify arrangements made necessary by the new rules. The "one-stop shop" will enable service providers to fulfil in their home Member State a single set of obligations for VAT registrations, declarations and payments, covering services provided in

Member States where they are not established. VAT revenue will then be transferred from the country where the supplier is located to that where the customer is situated, whose VAT rates and controls will be applicable;

- for business-to-consumer supplies of telecoms, broadcasting and electronic services, application of the new rules and the one-stop shop scheme will be deferred to 1 January 2015. The Member State of establishment will, until 1 January 2019, retain a proportion of VAT receipts collected through the one stop shop scheme. This proportion will amount to 30% from 1 January 2015 until 31 December 2016, 15% from 1 January 2017 until 31 December 2018 and 0% from 1 January 2019 onwards.

ENTRY INTO FORCE: 20/02/2008.

APPLICATION: Article 1 from 01/01/2010; Article 2, from 01/01/2015.