Strengthening administrative cooperation in the field of value added tax

2017/0248(CNS) - 04/10/2017

PURPOSE: to amend Council Regulation (EU) No 904/2010 on administrative cooperation in the field of VAT as regards the status of certified taxable person.

PROPOSED ACT: Council Regulation.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: in its VAT action plan, the Commission announced its intention to submit a proposal setting out the principles of a **definitive value added tax (VAT) system** for cross-border business-to-business trade between Member States.

The certified taxable person is one of the essential elements of this new definitive VAT system for intra-Union trade. The concept of the certified taxable person should allow or proving that a specific taxable person can be considered as a **reliable taxpayer within the Union**.

In this context, it is essential for businesses and tax administrations that the certified taxable person status of a business can be checked immediately and online.

This proposal is part of the package of legislation to introduce a definitive VAT system for intra-Union cross-border trade based on the principle of taxation in the Member State of destination of the goods in order to create a robust single European VAT area.

IMPACT ASSESSMENT: the impact assessment for the proposal was considered by the Regulatory Scrutiny Board on 14 July 2017. The Board gave a positive opinion to the proposal with some recommendations that have been taken into account.

CONTENT: the proposal seeks to amend Council Regulation (EU) No 904/2010 so as to **give a practical effect to the certified taxable person status**, which is a basic component of the definitive VAT regime for intra-Union trade based on the principle of taxation in the Member State of destination of the goods, as announced in the VAT action plan.

Under this proposal, the **certified taxable person status shall be integrated into the VIES system** (VAT Information Exchange System).

To that end, it is necessary that all Member States **store information** on businesses and their certified taxable person status in an electronic system and that the competent authorities of each Member State ensure that **confirmation** is provided of the certified taxable person status of any business.

The proposal simply defines a framework regarding the certified taxable person status, while operational control and application measures remain the **responsibility of the Member States**. In particular, the granting or repealing of the certified taxable person status of individual taxable persons, based upon commonly agreed conditions, remains the sole competence of the Member States.