

Value added tax (VAT): certain obligations for supplies of services and distance sales of goods

2016/0370(CNS) - 30/11/2017 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 540 votes to 30, with 68 abstentions, in line with a special legislative procedure (Parliament's consultation), a legislative resolution on the proposal for a Council directive amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods.

Parliament approved the Commission proposal subject to the following amendments:

Need for a definitive system: Parliament introduced a recital urging the adoption of a definitive VAT regime based on the destination principle, recalling in this respect that the VAT gap in the EU was approximately EUR 152 billion in 2015, while cross-border fraud accounted for a loss of VAT revenue of approximately EUR 50 billion a year. It also stressed the need for additional measures to effectively combat VAT fraud in the Union.

Mini-One-Stop-Shop (MOSS): Member States should further promote the mini-one-stop shop to a wider range of SMEs as 99% of VAT revenue processed through the mini-one-stop shop is reported by only 13% of registered companies.

Online platforms: the Commission's proposal provides for online platforms to be held responsible for the collection of VAT in supplies of services. Members, however, proposed that these platforms should also be held **liable for the collection of VAT when they act as intermediaries in supplies of goods imported from third countries** where the intrinsic value of the items does not exceed EUR 150 and they have an annual turnover exceeding EUR 1 million.

Place of supply of services: the proposal provides that the place of supply of telecommunications, broadcasting and television services and services provided by electronic means to a non-taxable person shall be the place where that person is established.

Members pointed out that this provision should not apply where the total value, exclusive of VAT, of such supplies **does not in the current calendar year exceed EUR 35 000** (EUR 10 000 according to the Commission proposal) and did not exceed this threshold in the previous calendar year.

Record keeping: one amendment proposed that the records shall be kept for a period of five years from the end of the calendar year during which the transaction was carried out.

Implementation period: the Commission and Member States have a legal obligation to allow business to register to the new one-stop-shop by 31 December 2020. Members, however, considered that **business should be given 3 additional months until 1 April 2021** (instead of 1 January 2021), to adapt their own IT systems to connect it to the new one-stop shop.

Impact on postal services: Member States and the Commission should pay particular attention to the impact on the postal services sector as the amending Directive could lead to an increase in administrative costs for small consignments.