Distance sales of goods and certain domestic supplies of goods

2018/0415(CNS) - 11/12/2018 - Legislative proposal

PURPOSE: to ensure that VAT is paid when goods are sold through online marketplaces by independent sellers.

PROPOSED ACT: Council Directive.

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

BACKGROUND: this proposal is part of a legislative package on the mandatory transmission and exchange of information on VAT payments. It is part of the EU's broader agenda to **tackle VAT fraud and improve VAT collection of internet sales**.

Council Directive (EU) 2017/2455 ("the VAT ecommerce Directive") amending Directive 2006/112/EC2 ("the VAT Directive"):

- extends the scope of the special schemes for non-established taxable persons supplying telecommunications, broadcasting or electronic services to non-taxable persons, as defined in Articles 358 to 369k of the VAT Directive (the so-called "mini One Stop Shop") to all types of services as well as to intra-Community distance sales of goods and distance sales of goods imported from third territories or third countries, turning the mini One Stop Shop into a One Stop Shop. The mini One Stop Shop allows suppliers of such services to use a web portal in the Member State in which they are identified to account for the VAT due in other Member States;

- introduces special provisions applicable to taxable persons who facilitate certain supplies to non-taxable persons made by other taxable persons through the use of an electronic interface such as a marketplace, platform, portal or similar means.

The proposal aims to lay down additional rules needed to support these amendments to the VAT Directive which apply from 1 January 2021, insofar as such support cannot be attained through implementing measures laid down in Council Implementing Regulation (EU) No 282/2011 ("the VAT Implementing Regulation").

CONTENT: this proposal to amend the VAT Directive aims to expand on the provisions concerning taxable persons operating electronic interfaces such as marketplaces, platforms and portals facilitating supplies of goods in the EU by taxable persons not established in the EU.

This concerns, in particular, the provisions relating to electronic interfaces facilitating supplies of goods to non-taxable persons in the EU by taxable persons not established in the EU and the special arrangements for declaration and payment of import VAT where the One Stop Shop for distance sales of goods imported from third territories or third countries is not used.

In particular, the proposed amendments serve to ensure that the provisions concerning electronic interfaces are applied in a harmonised way by all Member States in order not to create loopholes that could lead to revenue losses.

The proposal addresses certain issues arising from the adoption of the VAT e-commerce Directive which has to be applied by all Member States alike. The changes serve, in particular, to ensure that the provisions on electronic interfaces are applied in a harmonised way by all Member States in order not to create loopholes that could generate revenue losses.

In particular, the proposal **clarify the situations in which online platforms are considered to have facilitated a sale between users**.

The new rules will ensure that goods sold from storage facilities within the EU will have the correct amount of VAT charged, even when the goods are technically being sold to consumers by non-EU businesses.

The **electronic business portal for VAT** or 'One-Stop Shop' put in place by these measures will allow companies that sell goods online to their customers to deal with their VAT obligations in the EU through one easy-to-use online portal in their own language.