Value added tax (VAT) - administrative cooperation and combating fraud: postponement of the date of application due to the outbreak of the COVID-19 crisis

2020/0084(CNS) - 08/07/2020 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 494 votes to 165, with 35 abstentions, under a special legislative consultation procedure, a legislative resolution on the proposal for a Council regulation amending Regulation (EU) 2017/2454 as regards the dates of application due to the outbreak of the COVID-19 crisis.

Parliament approved the Commission proposal subject to amendments.

While the Commission proposes a 6-month postponement (from 1 January 2021 to 1 July 2021) of the date of application of the VAT package on e-commerce, Parliament proposed that the possibility to postpone be limited to 3 months, i.e. until 1 April 2021, which corresponds to the period of lockdown in most Member States.

Parliament made it clear that postponing beyond 3 months would increase the risk of VAT fraud at a time when public finances should be replenished in order to fight the pandemic and its economic and social consequences.

In light of the crisis caused by the COVID-19 outbreak, Members stressed the importance of avoiding further losses of revenue, pointing out that a longer delay of six months could lead to a loss of revenue of between EUR 2.5 billion and EUR 3.5 billion for Member States.

Parliament recalled that the e-commerce package’s goals of facilitating the global competitiveness of European SMEs, easing the administrative pressure on Union sellers and ensuring that online platforms contribute to a fairer VAT collection system while combating tax fraud are key aspects of a level playing field for all businesses, which is particularly important in the context of the post-COVID-19 recovery.