

VAT e-commerce package – distance sales of goods and services: postponement of the date of application due to the outbreak of the COVID-19 crisis

2020/0082(CNS) - 10/07/2020 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 485 votes to 162, with 43 abstentions, under a special legislative consultation procedure, a legislative resolution on the proposal for a Council regulation amending Directives (EU) 2017/2455 and (EU) 2019/1995 as regards the dates of transposition and 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.

The resolution stressed that, although it creates genuine difficulties for national administrations, the COVID-19 outbreak should not be used as an excuse to further delay the implementation of commonly agreed rules.

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.