Value added tax VAT: services supplied by electronic mean (amend. Directive 77/388/EEC)

2000/0148(CNS) - 07/06/2000 - Legislative proposal

PURPOSE : to amend Directive 77/388/EEC (6th VAT Directive) as regards the value added tax arrangements applicable to electronically delivered services and in respect of broadcasting services for which the recipient pays. CONTENT : The proposal is summarised as follows: - for services supplied by a non-EU operator to an EU customer the place of taxation will be within the EU and accordingly they will be subject to VAT. -when these services are provided by an EU operator to a non-EU customer, the place of taxation will be where the customer is located and they will not be subject to EU VAT. -when an EU operator provides these services to a taxable person (i.e., to another business) in another Member State, the place of supply will be the place where the customer is established. -where the same operator provides these services to a private individual in the EU, or to a taxable person in the same Member State, the place of supply will be where the supplier is located. Additional measures can be summarised as follows: -tax on supplies to business customers will be accounted for by the customer. Registration for tax purposes will only therefore be necessary if supplies are made to private customers. -registration will not be necessary for non-EU established traders whose annual level of sales within the EU is below EUR 10 000. -a single place of registration (which will, in practice, normally be the Member State to where a first taxable supply is made) will be possible. This will enable the operator to discharge all obligations for EU VAT with a single administration. This latter measure effectively puts EU and non-EU operators on an equal basis when supplying to EU customers. -it will also be possible to complete electronically all procedures in relation to registration and the making of tax returns. -tax administrations will provide operators with the means to distinguish easily the status of the customers (i.e. whether the customer is a VAT registered business or not) and this will normally provide the means whereby a supplier, acting with all possible diligence, can determine whether or not a transaction should be charged with tax.