Travel agents: special scheme VAT and distortion of competition

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The committee adopted the report by Helena TORRES MARQUES (PES, P) broadly approving the proposal under the consultation procedure, subject to two amendments. As the Commission had not proposed any specific measures to deal with the question of how third country suppliers can be taxable when supplying customers in the EU, the committee introduced provisions stipulating that such suppliers may apply the special scheme for services supplied electronically (introduced by Directive 2002/38/EC) in order to comply with the VAT obligations for supplies to customers residing in the EU. The committee argued that such a scheme, involving a single country registration, with revenue allocation, was better than leaving it up to Member States to regulate individually, which could result in third country suppliers being required to register for VAT in a number of different Member States. The second amendment proposed that, where travel services are supplied to a customer permanently resident outside the Community, those supplies may be exempted from VAT. The aim was to ensure that EU tour operators supplying packages to tourists from third countries would be able to compete with companies based outside the EU which would not have to levy VAT.