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

2000/0148(CNS) - 14/12/2000 - Text adopted by Parliament, 1st reading/single reading

The European Parliament voted to endorse with amendment by 334 to 102 with 52 abstentions, the text drafted by Mr José Manuel GARCIA-MARGALLO Y MARFIL (EPP/ED, E). The Commission's proposal aims to charge VAT on goods downloaded from the Internet such as books and CD's. It will also apply to broadcasting, including TV subscriptions. The Parliament stipulates that in order to ensure a fair sharing of VAT revenues resulting from transactions between non-EU suppliers registered in one Member State and non-taxable persons in another Member States, a system of refunds between Member States should be introduced. Also permanent monitoring by the Commission of the state of play as regards implementation of the legislation in the Member States is needed in order to ensure there is no distortion of the market. Furthermore, the proposal foresees that non-EU suppliers with annual sales above EUR 100 000 operating in the EU, will have to register in at least one Member State which will be responsible for applying the tax. To counter the risk of companies choosing to register in a low tax country, i.e Luxembourg - the House is calling on the Commission to address, in another proposal, the question of VAT revenue distribution among Member States. MEPs also called for the threshold for registration to be lowered from annual sales of EUR 100 000 to annual sales of EUR 40 000. The Parliament also states that educational services destined for third countries should be exempt from VAT obligations