

Value added tax (VAT): administrative cooperation, exchange of information by electronic means

2004/0262(CNS) - 29/10/2004 - Legislative proposal

PURPOSE : to introduce administrative cooperation arrangements in the context of the one-stop scheme and the refund procedure for value added tax.

PROPOSED ACT : Council Regulation.

CONTENT : under the current rules, a taxable person having taxable transactions for which he is liable to pay the tax in more than one Member State, will have to fulfil VAT obligations (identification, returns, payment) in each of these Member States. Since Member States have considerable discretion in defining VAT obligations (the content of the return and its frequency), a taxable person may be faced with a raft of different obligations to be discharged in several Member States.

In order to make it possible for taxable persons to have a single point of contact for VAT compliance in their Member State of identification (both for the VAT one-stop scheme and for the procedure which will replace the Eighth Directive refund procedure), it is necessary to build a system of exchange of information between tax administrations.

In the same way as for the special scheme which has been set up for electronic commerce supplies, such an exchange of information should be built within the legal framework on VAT administrative cooperation (Council Regulation 1798/2003/EC) and should be based exclusively on electronic communications.

This electronic system to support the exchanges of information required under the one-stop scheme and the procedure replacing the Eighth Directive is to be integrated within a modernised VIES (VAT Information Exchange System) in order to make it possible to ease the burden on tax administrations. The Commission has, at the beginning of 2004, launched a feasibility study for a new improved VIES (VIES II), which includes the necessary requirements for the one-stop scheme. In particular, it will be necessary to ensure that information supplied electronically by taxable persons to their own Member State can be captured and processed. The information thus captured would have to be passed automatically to the relevant Member State where supplies take place or refunds are requested without any intervention by the Member State of identification. It is necessary to clarify the respective obligations of the Member States of identification and consumption, particularly as regards the deadlines for the transmission of information and the control of taxable persons.