Value added tax (VAT): place of supply of services

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The Council examined a package of measures aimed at simplifying value-added tax (VAT) arrangements for businesses. It adopted the following conclusions:

As a result of the substantial progress, the Council reached political agreement on the VAT package elements related to:

- the place of supply of services (one exception);
- the mini one-stop shop (CNS/2004/0261);
- the draft directive on refund (CNS/2005/0807);
- the administrative cooperation elements (CNS/2004/0262).

The Council recognises that, before the formal adoption of the full package, further discussion will be necessary on the change of the place of supply of services for B2C supplies for telecom, broadcasting, electronic and maritime services (Articles 56, 58 and 59a of the draft Directive on the place of supply of services), and invites the Portuguese Presidency to prepare final agreement on this issue.

The Council also invites the Portuguese Presidency, before the formal adoption of the full package, to find solutions that would improve control and cooperation measures engaging both the Member State of the supplier and the Member State of consumption (including, if appropriate, reporting obligation in the Member State of establishment as regards the amount of supplies of services to other Member States, electronic matching of these amounts with those declared in all relevant Member States of consumption), without undue increases in the compliance burden for economic operator or the administrative burden for the tax authorities.

The Council confirms its intention to formally adopt the VAT package before 31 December 2007 with the intention that the package would enter into force at the latest on 1 January 2010.