Basic information

2000/0148(CNS) CNS - Consultation procedure Directive	Procedure completed
Value added tax VAT: services supplied by electronic mean (amend. Directive 77/388/EEC) **Subject** 2.70.02 Indirect taxation, VAT, excise duties	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	GARCÍA-MARGALLO Y MARFIL José Manuel (PPE-DE)	19/06/2000

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs and Internal Market	WALLIS Diana (ELDR)	12/07/2000
ITRE Industry, External Trade, Research, Energy	FORD Glyn (PSE)	12/07/2000

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2424	2002-05-07
Economic and Financial Affairs ECOFIN	2312	2000-11-27
Economic and Financial Affairs ECOFIN	2297	2000-10-17
Economic and Financial Affairs ECOFIN	2401	2001-12-13
Economic and Financial Affairs ECOFIN	2407	2002-02-12

European Commission

Commission DG	Commissioner
Taxation and Customs Union	

Key events

Date	Event	Reference	Summary
		COM(2000)0349	Summary

07/06/2000	Legislative proposal published		
02/10/2000	Committee referral announced in Parliament		
17/10/2000	Debate in Council		Summary
27/11/2000	Debate in Council		Summary
28/11/2000	Vote in committee		Summary
28/11/2000	Committee report tabled for plenary, 1st reading/single reading	A5-0362/2000	
14/12/2000	Decision by Parliament	T5-0573/2000	Summary
13/12/2001	Debate in Council		
07/05/2002	Act adopted by Council after consultation of Parliament		
07/05/2002	End of procedure in Parliament		
15/05/2002	Final act published in Official Journal		

Technical information

Procedure reference	2000/0148(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	EC Treaty (after Amsterdam) EC 093
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/13631

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A5-0362/2000 OJ C 232 17.08.2001, p. 0008	28/11/2000	
Text adopted by Parliament, 1st reading/single reading		T5-0573/2000 OJ C 232 17.08.2001, p. 0202-0302	14/12/2000	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2000)0349	07/06/2000	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
	Economic and Social Committee:	CES1439/2000		

EESC	opinion, report	OJ C 116 20.04.2001, p. 0059	29/11/2000	

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Directive 2002/0038 OJ L 128 15.05.2002, p. 0041-0044	Summary

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

2000/0148(CNS) - 17/10/2000

Firstly, the Council noted the progress made on the Commission proposal amending the sixth VAT Directive in order to cover the impact of the developing e-commerce market. Commissioner BOLKESTEIN stressed the potential of e-commerce for job creation. The tax system should therefore serve as an incentive and not as a check, to this potential. In this context, he argued the Commission's case for a single place of registration for third-country operators who supplied services by electronic means to non-taxable Community customers. After a brief exchange of views on this point, the majority of delegations were opposed to the Commission proposal in that it did not result in actual taxation in the country of consumption. These delegations endorsed the Presidency's suggestion that third-country operators should register in each of the Member States where they conducted business. The Presidency appealed to the delegations to do their utmost to enable the Council to conclude its work on this dossier definitively at the meeting on 27 November.

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

2000/0148(CNS) - 07/05/2002 - Final act

PURPOSE : to amend the rules on electronically supplied services in the field of indirect taxation. COMMUNITY MEASURE : Council Directive 2002/38 /EEC amending and amending temporarily Directive 77/388/EEC as regards the value added tax arrangements applicable to radio and television broadcasting services and certain electronically supplied services. CONTENT : This Directive and Regulation 792/2002/EC (please refer to COD000147) modify the rules for applying value added tax to certain servces supplied by electronic means as well as subscription-based and pay-per-view radio and television broadcasting. An indicative list is included in an an annex to the Directive. It mainly covers the supply and hosting of Intenret sites, the sale anbd updating of software, the supply of music and films and the provision of distance-learning services. The rules create a level playing field for the taxation of e-commerce. they ensure that, when services are supplied for consumption within the European Union, they are subject to EU VAT. When they are subject for consumption outside the European Union, they are exempt from VAT. The rate of VAT applied will be that of the Member State where the consumer is established. The Member State of identification will be required to redistribute VAT receipts among consumer countries. The rules also contain some simplifcation measures aimed at reducing the compliance burden for business. DATE OF APPLICATION : 01/07 /03. ENTRY INTO FORCE : 15/05/02.

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

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.

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

2000/0148(CNS) - 27/11/2000

The Council took note of the work on e-commerce carried out by the Working Party on Tax Questions, regarding in particular the types of transactions, the territoriality rules applicable to services supplying non-taxable Community clients and the rate of VAT applicable. The Council confirmed, for services supplied by electronic means, the principle of taxing services supplied to Community clients and exempting services supplied to third-country customers, and that of applying the normal rate (with the exception of radio and television services). The Council asked the Working Party on Tax Questions to continue seeking a solution to the problem of identification of third-country operators providing services in the Union to non-taxable persons, examining all the options presented so far. The Council asked the Working Party on Tax Questions to submit, by 30 June 2001 at the latest, an amended draft Directive for its approval.