Basic information

2004/0262(CNS) CNS - Consultation procedure Regulation	Procedure completed
Value added tax (VAT): administrative cooperation, exchange of information by electronic means Amending Regulation (EC) No 1798/2003 2001/0133(CNS) **Subject** 2.70.02 Indirect taxation, VAT, excise duties 2.80 Cooperation between administrations	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	BECSEY Zsolt László (PPE-DE)	30/11/2004

Committee for opinion	Rapporteur for opinion	Appointed
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2836	2007-12-04
Economic and Financial Affairs ECOFIN	2847	2008-02-12
Economic and Financial Affairs ECOFIN	2734	2006-06-07
Economic and Financial Affairs ECOFIN	2726	2006-05-05
Economic and Financial Affairs ECOFIN	2688	2005-11-08
Economic and Financial Affairs ECOFIN	2804	2007-06-05
Economic and Financial Affairs ECOFIN	2828	2007-11-13
Economic and Financial Affairs ECOFIN	2766	2006-11-28
Economic and Financial Affairs ECOFIN	2617	2004-11-16

European Commission

Commission DG	Commissioner
Taxation and Customs Union	KOVÁCS László

Key events

Date	Event	Reference	Summary
29/10/2004	Legislative proposal published	COM(2004)0728	Summary
16/11/2004	Debate in Council		
27/04/2005	Committee referral announced in Parliament		
21/06/2005	Vote in committee		Summary
06/07/2005	Committee report tabled for plenary, 1st reading/single reading	A6-0228/2005	
06/09/2005	Debate in Parliament		
07/09/2005	Decision by Parliament	T6-0333/2005	Summary
08/11/2005	Debate in Council		Summary
05/05/2006	Debate in Council		Summary
07/06/2006	Debate in Council		
28/11/2006	Debate in Council		
05/06/2007	Debate in Council		Summary
13/11/2007	Debate in Council		
12/02/2008	Act adopted by Council after consultation of Parliament		
12/02/2008	End of procedure in Parliament		
20/02/2008	Final act published in Official Journal		

Technical information

Procedure reference	2004/0262(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EC) No 1798/2003 2001/0133(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 093
Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/24806

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		PE359.965	03/06/2005	
Committee report tabled for plenary, 1st reading/single reading		A6-0228/2005	06/07/2005	
		T6-0333/2005		

Text adopted by Parliament, 1st reading/single reading		OJ C 193 17.08.2006, p. 0127-0252 E	07/09/2005	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2004)0728	29/10/2004	Summary
Commission response to text adopted in plenary	SP(2005)4139	20/10/2005	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0531/2005 OJ C 267 27.10.2005, p. 0045-0049	12/05/2005	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Regulation 2008/0143
OJ L 044 20.02.2008, p. 0001 Summary

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

2004/0262(CNS) - 07/09/2005 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted the report tabled by BECSEY (EPP/ED, HU) which supports two Commission proposals aimed at reviewing strategy regarding VAT. The first proposal concerns a proposal for a Council Directive amending Directive 77/388/EEC with view to simplifying value added tax obligations and confirms the vital principle of destination that neutralises differences concerning domestic VAT rates in cross-border business transactions. It contains five measures for a less burdensome common VAT system, aiming for a better VAT compliance within the EU.

The second relates to a Regulation amending Regulation (EC) No 1798/2003 as regards the introduction of the administrative cooperation arrangements in the context of the one-stop shop scheme and refund procedure for value added tax. It makes it possible for taxable persons to have a single point of contact for VAT compliance in their Member State of identification, by building a system of exchange of information between tax administrations.

The Parliament suggests several improvements, in particular, in terms of the simplification of administrative tax rules:

- improvement of cooperation between the Member States' tax authorities;

- setting of a meaningful deadline for registration for VAT so as to facilitate transparency and reduce the administrative burden on the businesses concerned;

- obligation to keep VAT documents and reports in the country in which the trader is established;

- possibility to submit the declaration by electronic means within the 40 days (instead of 20) that follow the expiry of the period that it covers;

- clarification of the VAT reimbursement system;

- clarification of the location of the bank account in the event of excessive payment of VAT (the tax payer is not obliged to have an account in the Member State of destination);

- the introduction of a minimum threshold of EUR 50,000 for VAT exemption, but only for the first three years of the operations of an SME.

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.

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

2004/0262(CNS) - 05/05/2006

The Council held an exchange of views, on the basis of a package of measures proposed by the presidency, on three dossiers dealing with value-added tax arrangements for businesses:

- § a proposal for a directive on the place of supply of services as concerns VAT payments;
- § proposals for two directives and a regulation on simplification of cross-border VAT obligations and refund procedures for businesses;
- § prolongation of a directive on VAT arrangements for e-commerce.

It requested the permanent representatives committee to continue work on the package, taking account of the views expressed by delegations, so as to enable the Council to reach political agreement at its meeting on 7 June 2006.

The proposal on the place of supply is aimed at changing the place of taxation for VAT for services from the place where the supplier is located to the place where the customer is located. The proposals on simplification are aimed at providing for a "one-stop" scheme to simplify registration and declaration of VAT by businesses in member states where they have no base, as well as rules for refunds of VAT to such businesses and improved administrative cooperation as regards to VAT to prevent fraud.

As regards e-commerce, the Commission confirmed its intention to make a proposal to enable the renewal, by 1 July, of provisions of directive 2002/38 /EC regarding the provision of broadcasting services and certain electronically supplied services from third countries.

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

2004/0262(CNS) - 12/02/2008 - Final act

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

LEGISLATIVE ACT: Council Regulation (EC) N° 143/2008 amending Regulation (EC) N° 1798/2003 as regards the introduction of administrative cooperation and the exchange of information concerning the rules relating to the place of supply of services, the special schemes and the refund procedure for value added tax.

CONTENT: This Regulation is part of a package of measures aimed at simplifying value-added tax (VAT) arrangements for businesses. The package includes a change in the rules on the place of supply of services in order to ensure that most types of services are taxed in the Member State of consumption. At the same time, the package introduces the possibility for taxpayers who perform certain services to fulfil their EU-wide VAT reporting obligations in one single member state (using a "mini one stop shop") and thus reduce their compliance costs. (Please refer to CNS/2003/0329, CNS/2005/0807 and CNS/2004/0261)

This Regulation provides for improved mechanisms for cooperation between member states in order to prevent tax avoidance under the new system. It makes 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 new refund procedure), by building a system of exchange of information between tax administrations. Such an exchange of information will be built within the legal framework on VAT administrative cooperation (Council Regulation 1798/2003/EC) and will be based on electronic communications. This electronic system to support the exchanges of information required under the one-stop scheme and the refund procedure 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 VAT package provides the following:

1. for business-to-business services, taxation will be at the place where the customer is situated, and no longer at the place where the service provider is established, as is currently the case;
2. for business-to-consumer services:
    - for most services, the place of taxation will continue to be that where the
    - supplier is established, as at present;
    - however, in certain circumstances, taxation of business-to-consumer services will be at the place of consumption in order to prevent distortions of competition between Member States operating different VAT rates. This category includes: restaurant services; the hiring of means of transport; cultural, sporting, scientific and educational services; and telecommunications, broadcasting and electronic services;
    - the "one-stop shop" system will be introduced for telecoms, broadcasting and electronic services in order to simplify arrangements made necessary by the new rules. The "one-stop shop" will enable service providers to fulfil in their home Member State a single set of obligations for VAT registrations, declarations and payments, covering services provided in Member States where they are not established. VAT revenue will then be transferred from the country where the supplier is located to that where the customer is situated, whose VAT rates and controls will be applicable;
    - for business-to-consumer supplies of telecoms, broadcasting and electronic services, application of the new rules and the one-stop shop scheme will be deferred to 1 January 2015. The Member State of establishment will, until 1 January 2019, retain a proportion of VAT receipts collected through the one stop shop scheme. This proportion will amount to 30% from 1 January 2015 until 31 December 2016, 15% from 1 January 2017 until 31 December 2018 and 0% from 1 January 2019 onwards.

ENTRY INTO FORCE: 20/02/2008.

APPLICATION: Article 1 from 01/01/2010; Article 2, from 01/01/2015.

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

2004/0262(CNS) - 05/06/2007

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) (CNS/2003/0329);
- the mini one-stop shop (CNS/2004/0261);
- the draft directive on refund (CNS/2005/0807);
- the administrative cooperation elements.

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.

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

2004/0262(CNS) - 08/11/2005

The Council took note of a progress report on proposals aimed at simplifying cross-border business obligations relating to value-added tax and of the intention of the United Kingdom and future Austrian presidencies to continue work on the dossier as a priority.

The proposals are intended to ease VAT compliance for businesses, particularly those that have no base in member states where they carry out their activities.

They consist of:

– a draft directive aimed at amending directive 77/388/EEC with a view to simplifying VAT obligations;

– a draft directive laying down detailed rules for the refund of VAT to businesses in member states where it has no base, as provided for in directive 77 /388/EEC;

– a draft regulation aimed at amending regulation 1798/2003 as regards administrative co-operation under the “one-stop” scheme and the refund procedure for VAT.

The Council also held an exchange of views, on the basis of a compromise proposed by the presidency, on modifications to EU rules on reduced rates of value-added tax applied by the member states.

It requested the permanent representatives committee to continue work on this basis with a view to allowing the Council to reach an agreement at its meeting on 6 December.