Basic information

2018/0415(CNS) CNS - Consultation procedure Directive	Procedure completed
Distance sales of goods and certain domestic supplies of goods Amending Directive 2006/112/EC 2004/0079(CNS) Amended by 2020/0082(CNS) **Subject** 2.10 Free movement of goods	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	KOVAŘÍK Ondřej (Renew)	18/07/2019
	Shadow rapporteur DOLESCHAL Christian (EPP) SANT Alfred (S&D) SCOTT CATO Molly (Greens/EFA) JURZYCA Eugen (ECR)	

Former committee responsible	Former rapporteur	Appointed
ECON Economic and Monetary Affairs		

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

Former committee for opinion	Former rapporteur for opinion	Appointed
IMCO Internal Market and Consumer Protection		

Council of the

Council configuration	Meetings	Date

European Union	Education, Youth, Culture and Sport	3724	2019-11-21

European Commission	Commission DG	Commissioner
	Taxation and Customs Union	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
11/12/2018	Legislative proposal published	COM(2018)0819	Summary
14/01/2019	Committee referral announced in Parliament		
18/10/2019	Vote in committee		
21/10/2019	Resumption of business from the previous parliamentary term		
21/10/2019	Committee report tabled for plenary, 1st reading/single reading	A9-0019/2019	Summary
14/11/2019	Decision by Parliament	T9-0052/2019	Summary
14/11/2019	Results of vote in Parliament		
21/11/2019	Act adopted by Council after consultation of Parliament		
21/11/2019	End of procedure in Parliament		
02/12/2019	Final act published in Official Journal		

Technical information

Procedure reference	2018/0415(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amending Directive 2006/112/EC 2004/0079(CNS) Amended by 2020/0082(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 113
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/00405

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE639.963	23/09/2019	

Committee report tabled for plenary, 1st reading/single reading		A9-0019/2019	21/10/2019	Summary
Text adopted by Parliament, 1st reading/single reading		T9-0052/2019	14/11/2019	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2018)0819	11/12/2018	Summary
Commission response to text adopted in plenary	SP(2019)706	17/12/2019	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	DE_BUNDESRAT	COM(2018)0819	19/03/2019	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Directive 2019/1995
OJ L 310 02.12.2019, p. 0001 Summary

Distance sales of goods and certain domestic supplies of goods

2018/0415(CNS) - 11/12/2018 - Legislative proposal

PURPOSE: to ensure that VAT is paid when goods are sold through online marketplaces by independent sellers.

PROPOSED ACT: Council Directive.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: this proposal is part of a legislative package on the mandatory transmission and exchange of information on VAT payments. It is part of the EU's broader agenda to **tackle VAT fraud and improve VAT collection of internet sales**.

Council Directive (EU) 2017/2455 (“the VAT ecommerce Directive”) amending Directive 2006/112/EC2 (“the VAT Directive”):

- extends the scope of the special schemes for non-established taxable persons supplying telecommunications, broadcasting or electronic services to non-taxable persons, as defined in Articles 358 to 369k of the VAT Directive (the so-called "mini One Stop Shop") to all types of services as well as to intra-Community distance sales of goods and distance sales of goods imported from third territories or third countries, turning the mini One Stop Shop into a One Stop Shop. The mini One Stop Shop allows suppliers of such services to use a web portal in the Member State in which they are identified to account for the VAT due in other Member States;

- introduces special provisions applicable to taxable persons who facilitate certain supplies to non-taxable persons made by other taxable persons through the use of an electronic interface such as a marketplace, platform, portal or similar means.

The proposal aims to lay down additional rules needed to support these amendments to the VAT Directive which apply from 1 January 2021, insofar as such support cannot be attained through implementing measures laid down in Council Implementing Regulation (EU) No 282/2011 ("the VAT Implementing Regulation").

CONTENT: this proposal to amend the VAT Directive aims to expand on the provisions concerning taxable persons operating electronic interfaces such as marketplaces, platforms and portals facilitating supplies of goods in the EU by taxable persons not established in the EU.

This concerns, in particular, the provisions relating to electronic interfaces facilitating supplies of goods to non-taxable persons in the EU by taxable persons not established in the EU and the special arrangements for declaration and payment of import VAT where the One Stop Shop for distance sales of goods imported from third territories or third countries is not used.

In particular, the proposed amendments serve to ensure that the provisions concerning electronic interfaces are applied in a harmonised way by all Member States in order not to create loopholes that could lead to revenue losses.

The proposal addresses certain issues arising from the adoption of the VAT e-commerce Directive which has to be applied by all Member States alike. The changes serve, in particular, to ensure that the provisions on electronic interfaces are applied in a harmonised way by all Member States in order not to create loopholes that could generate revenue losses.

In particular, the proposal **clarify the situations in which online platforms are considered to have facilitated a sale between users**.

The new rules will ensure that goods sold from storage facilities within the EU will have the correct amount of VAT charged, even when the goods are technically being sold to consumers by non-EU businesses.

The **electronic business portal for VAT** or 'One-Stop Shop' put in place by these measures will allow companies that sell goods online to their customers to deal with their VAT obligations in the EU through one easy-to-use online portal in their own language.

Distance sales of goods and certain domestic supplies of goods

2018/0415(CNS) - 14/11/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 565 votes to 23, with 65 abstentions, following the consultation procedure, a legislative resolution on the proposal for a Council directive amending Council Directive 2006/112/EC as regards provisions relating to distance sales of goods and certain domestic supplies of goods.

As a reminder, the aim of the proposal is to lay down detailed rules needed to ensure the functioning of the new VAT rules for e-commerce following the amendments introduced by Directive 2017/2455 (the VAT e-commerce Directive), which will come into force in January 2021.

It clarifies in particular the situations in which electronic interfaces such as a marketplace, platform and portal are considered to facilitate sales of goods and services between users and specifies the type of information they must keep on sales made through an electronic interface. It also clarifies under which conditions marketplaces will not be liable to pay VAT on supplies of goods in excess of the VAT which is declared and paid on these supplies.

Parliament approved the European Commission proposal subject to the following amendments:

Chargeable event

The draft amending Directive provides that where a taxable person facilitates, through the use of an electronic interface such as a marketplace, platform, portal or other similar means, distance sales of goods imported from third territories or third countries in consignments of an intrinsic value not exceeding EUR 150 or the supply of goods within the Community by a taxable person not established within the Community to a non-taxable person, the taxable person who facilitates the supply shall be deemed to have received and supplied the goods himself.

The chargeable event in respect of a supply of goods by a taxable person who is deemed to have received and supplied the goods and of the supply to that taxable person shall occur and VAT shall become chargeable at the time when the payment has been accepted.

Member State of identification

Members stated that where a taxable person has not established his business in the Community and has no fixed establishment therein, the Member State of identification shall be the Member State in which the dispatch or transport of the goods begins. Where there is more than one Member State in which the dispatch or transport of the goods begins, the taxable person shall indicate which of those Member States shall be the Member State of identification.

Special scheme for non-established taxable persons supplying electronic services to non-taxable persons

Parliament introduced an amendment stipulating that where the taxable person providing services covered by the special scheme has one or more fixed establishments, other than in the Member State of identification, from which the services are supplied, the VAT return should also include:

- the total value exclusive of VAT, the applicable rates of VAT,

- the total amount per rate of the corresponding VAT and the total VAT due of such supplies, for each Member State in which the taxable person has an establishment,

- the individual VAT identification number or the tax reference number of each establishment.

Distance sales of goods and certain domestic supplies of goods

2018/0415(CNS) - 02/12/2019 - Final act

PURPOSE: to amend the VAT rules for distance selling and certain domestic supplies of goods.

LEGISLATIVE ACT: Council Directive (EU) 2019/1995 amending Directive 2006/112/EC as regards provisions relating to distance sales of goods and certain domestic supplies of goods.

CONTENT: this Directive amends the VAT Directive in order to ensure the functioning of the new VAT rules for e-commerce following the changes introduced by Directive 2017/2455 (VAT Directive for e-commerce), which will enter into force in January 2021.

It clarifies in particular:

- the situations in which electronic interfaces such as a marketplace, platform and portal are considered to facilitate sales of goods and services between users and specifies the type of information they must keep on sales made through an electronic interface;

- under which conditions marketplaces will not be liable to pay VAT on supplies of goods in excess of the VAT which is declared and paid on these supplies.

Special scheme

Since a taxable person who facilitates through the use of an electronic interface the supply of goods to a non-taxable person in the Community may deduct, in accordance with existing rules, the value added tax (VAT) paid to suppliers not established in the Community, there is a risk that the latter might not pay the VAT to the tax authorities. To avoid that risk, the supply from the supplier selling goods through the use of an electronic interface shall be exempt from VAT, while that supplier should be granted the right to deduct the input VAT which he paid in respect of the purchase or import of the goods supplied. For that purpose, the supplier shall always be registered in the Member State where he acquired or imported those goods.

Furthermore, suppliers who are not established in the Community, who make use of an electronic interface to sell goods, might hold stock in several Member States and might, in addition to intra-Community distance sales of goods, supply goods from that stock to customers in the same Member State. In order to reduce the administrative burden, those taxable persons who facilitate the supply of goods to non-taxable persons in the Community through the use of an electronic interface, who are deemed to have received and supplied the goods themselves, should also be allowed to use this special scheme to declare and pay VAT for those domestic supplies.

VAT return

The taxable person making use of this special scheme shall submit by electronic means to the Member State of identification a VAT return for each calendar quarter, whether or not supplies of goods and services covered by this special scheme have been carried out. The VAT return shall be submitted by the end of the month following the end of the tax period covered by the return.

The VAT return shall show the VAT identification number referred to in Article 369d and, for each Member State of consumption in which VAT is due, the total value exclusive of VAT, the applicable rates of VAT, the total amount per rate of the corresponding VAT and the total VAT due in respect of the following supplies covered by this special scheme carried out during the tax period:

- intra-Community distance sales of goods;

- supplies of goods where the dispatch or transport of those goods begins and ends in the same Member State;

- supplies of services.

Where the taxable person providing services covered by the special scheme has one or more fixed establishments, other than in the Member State of identification, from which the services are supplied, the VAT return should also include:

- the total value exclusive of VAT, the applicable rates of VAT;

- the total amount per rate of the corresponding VAT and the total VAT due of such supplies, for each Member State in which the taxable person has an establishment;

- the individual VAT identification number or tax reference number of that establishment.

ENTRY INTO FORCE: 22.12.2019.

TRANSPOSITION: no later than 31.12.2020.

APPLICATION: from 1.1.2021.

Distance sales of goods and certain domestic supplies of goods

2018/0415(CNS) - 21/10/2019 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, following the consultation procedure, the report of Ondřej KOVAŘÍK (Renew, CZ) on the proposal for a Council directive amending Council Directive 2006/112/EC as regards provisions relating to distance sales of goods and certain domestic supplies of goods.

As a reminder, the aim of the proposal is to lay down detailed rules needed to ensure the functioning of the new VAT rules for e-commerce following the amendments introduced by Directive 2017/2455 (the VAT e-commerce Directive), which will come into force in January 2021.

It clarifies in particular the situations in which electronic interfaces such as a marketplace, platform and portal are considered to facilitate sales of goods and services between users and specifies the type of information they must keep on sales made through an electronic interface. It also clarifies under which conditions marketplaces will not be liable to pay VAT on supplies of goods in excess of the VAT which is declared and paid on these supplies.

The committee recommended that the European Parliament approve the European Commission's proposal subject to the following amendments:

Chargeable event

Council Directive 2006/112/EC as amended by Council Directive (EU) 2017/2455 provides that where a taxable person facilitates, through the use of an electronic interface such as a marketplace, platform, portal or other similar means, distance sales of goods imported from third territories or third countries in consignments of an intrinsic value not exceeding EUR 150 or the supply of goods within the Community by a taxable person not established within the Community to a non-taxable person, the taxable person who facilitates the supply shall be deemed to have received and supplied the goods himself.

The chargeable event in respect of a supply of goods by a taxable person who is deemed to have received and supplied the goods and of the supply to that taxable person shall occur and VAT shall become chargeable at the time when the payment has been accepted.

S*pecial scheme for non-established taxable persons supplying electronic services to non-taxable persons*

Members stipulated that where a taxable person has not established his business in the Community and has no fixed establishment therein, the Member State of identification shall be the Member State in which the dispatch or transport of the goods begins. Where there is more than one Member State in which the dispatch or transport of the goods begins, the taxable person shall indicate which of those Member States shall be the Member State of identification. The taxable person shall be bound by that decision for the calendar year concerned and the two calendar years following.

Another amendment stipulates that where the taxable person providing services covered by the special scheme has one or more fixed establishments, other than in the Member State of identification, from which the services are supplied, the VAT return should also include:

- the total value exclusive of VAT, the applicable rates of VAT,

- the total amount per rate of the corresponding VAT and the total VAT due of such supplies, for each Member State in which the taxable person has an establishment,

- the individual VAT identification number or the tax reference number of each establishment.

The rapporteur agrees to adopt the Parliament’s position as soon as possible, to facilitate a swift finalisation of the legislative procedure and the necessary steps for implementation at national level in order to meet the deadline of entry into force of the VAT e-commerce package in January 2021.