



Recent initiatives by the Commission

VAT Forum Prague - 26/01/18



THE VAT ACTION PLAN

A single European VAT area :

- simpler;*
- fraud-proof;*
- meet the challenges of the 21st century.*





THE VAT ACTION PLAN

- *definitive VAT system for intra-Union B2B trade;*
- *reform of the VAT rates;*
- *proposal amending the VAT Administrative Cooperation Regulation;*
- *simplification of the VAT rules for SMEs.*



The October 2017 definitive VAT system package

A] *A proposal amending the VAT Directive 2006/112/EEC*

B] *A proposal amending the VAT Implementing Regulation (EU) No 282/2011*

C] *A proposal amending the VAT Regulation on Administrative Cooperation (EU) No 904/2010/EU*





The October 2017 definitive VAT system package

Content

- The notion of Certified Taxable Person (CTP)
- 4 "quick fixes"
- The legal cornerstones of the definitive VAT system



The October 2017 definitive VAT system package

1. The notion of Certified Taxable Person (CTP)

- reasons and purpose;
- criteria and exclusions;
- competent MS to grant the CTP status;
- mutual recognition.





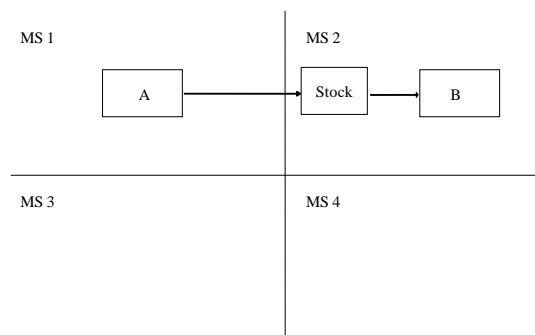
The October 2017 definitive VAT system package

2. The "quick fixes"

- call-off stock arrangements;
- chain transactions;
- value of VAT number for exempt supplies of goods (for so-called 'intra-community supplies');
- proof of intra-Community transport of goods.



Call-off stock arrangements



- Situation now: intra-Comm transfer by supplier/registration of supplier in MS2/domestic supply in MS2 (Art 194).
- Proposal (CTPs): intra-Comm supply where goods are taken from stock/intra-Comm acquisition at that time by customer: no registration of supplier in MS2.
- Register + recapitulative statement.



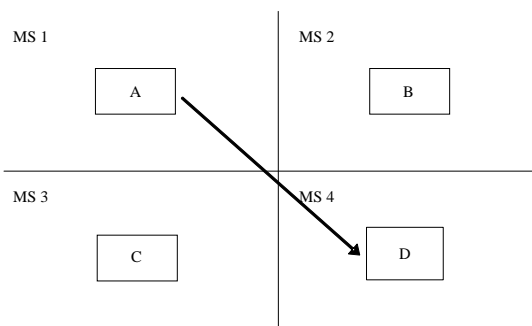
Value of VAT identification number

- *The problem: the case-law of the ECJ (C-24/15);*

- *The proposal: substantive value assigned to the VAT identification number of the customer + recapitulative statement of the supplier in order to exempt from VAT an intra-Community supply of goods*



Chain transactions



A supplies to B, B to C and C to D; goods are transported by or on behalf of B:
- **problem: assigning the transport to which supply;**
- **rules in the proposal (if A and B are CTPs).**





Evidence of transport of the goods in order to exempt an intra-Community supply (Art 138 Dir. 2006/112/EEC)

- (i) The vendor takes care of the transport:
CTP status vendor + 2 items of non-contradictory evidence;

- (ii) The acquirer takes care of the transport:
→ CTP status acquirer + written statement + 2 items of non-contradictory evidence.



The October 2017 definitive VAT system package

The legal cornerstones of the definitive VAT system (Art 402):

- principle of taxation in the Member State of destination;
- the liability of the supplier (except where the customer is a CTP);
- the One Stop Shop notion for both output and input VAT.





The VAT SMEs proposal

Current rules:

- **Outdated**: thresholds fixed when Member States joined the EU
- **Temporary**: applicable until the definitive arrangements of the VAT system enter into force
- **Inconsistent** with the single market perspective and the principle of taxation at destination, targeted at businesses trading domestically



The VAT SMEs proposal

1. Notion of small businesses in the VAT Directive
2. Exemption: threshold// opened in a MS to a SME established in another MS
3. Simplified VAT obligations for both exempt and non-exempt small businesses
4. Special measure to allow exempt businesses for a smooth transition to full taxation





The VAT rates proposal

- Standard rate: minimum 15% with no temporal limit.

- Structure reduced rates: two reduced rates minimum 5%, plus an additional one below, plus 0 rate: always benefit of the final consumer and objectives of general interest.

- Scope reduced rates: general freedom reduced rates, excluded (Annex IIIa): review Annex IIIa every five years.

- Restriction: weighted average rate above 12%.

