



**2016/0370(CNS)**

23.5.2017

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## **DRAFT REPORT**

on the proposal for a Council directive amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods  
(COM(2016)0757 – C8-0004/2017 – 2016/0370(CNS))

Committee on Economic and Monetary Affairs

Rapporteur: Cătălin Sorin Ivan

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council directive amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods  
(COM(2016)0757 – C8-0004/2017 – 2016/0370(CNS))**

**(Special legislative procedure – consultation)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2016)0757),
  - having regard to Article 113 of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C8-0004/2017),
  - having regard to Rule 78c of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs (A8-0000/2017),
1. Approves the Commission proposal as amended;
  2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union;
  3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
  4. Asks the Council to consult Parliament again if it intends to substantially amend the Commission proposal;
  5. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

### **Amendment 1**

#### **Proposal for a directive**

#### **Recital 3**

*Text proposed by the Commission*

(3) The assessment of those special schemes as introduced on 1 January 2015 has identified a number of areas for improvement. First, the burden for micro-businesses established in a Member State occasionally supplying such services to other Member States of having to comply

*Amendment*

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with VAT obligations in Member States other than their Member State of establishment should be reduced. A Community-wide threshold should therefore be introduced up to which these supplies remain subject to VAT in their Member State of establishment. Second, the requirement of having to comply with the invoicing **and record keeping** requirements of all Member States to which supplies are made is very burdensome. Hence, to minimise burdens on business, the rules concerning invoicing **and record keeping** should be those applicable in the Member State of identification of the supplier making use of the special schemes. Third, taxable persons not established in the Community but having a VAT registration in a Member State (e.g. because they carry out occasional transactions subject to VAT in that Member State) can use neither the special scheme for taxable persons not established in the Community, nor the special scheme for taxable persons established in the Community. As a consequence, it is proposed that such taxable persons should be permitted to use the special scheme for taxable persons not established within the Community.

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Or. en

## Amendment 2

### Proposal for a directive

#### Recital 14

*Text proposed by the Commission*

(14) The date of application of the provisions of this Directive **shall**, where relevant, take account of the time needed to put in place the measures necessary to implement this Directive and for **the** Member States to adapt their IT system for registration and for declaration and

*Amendment*

(14) The date of application of the provisions of this Directive **should**, where relevant, take account of the time needed to put in place the measures necessary to implement this Directive and for Member States **and business** to adapt their IT system for registration and for declaration

payment of the VAT.

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Or. en

### Amendment 3

#### Proposal for a directive

#### Article 1 – paragraph 1 – point -1 (new)

Directive 2006/112/EC

Article 14 – paragraph 3 a (new)

*Text proposed by the Commission*

*Amendment*

***(-1) In Article 14, the following paragraph is added:***

***“3a. Where a taxable person acting in his own name but on behalf of another person takes part in a distance sale of goods imported from third countries or territories in consignment of an intrinsic value of less than EUR 150, or the equivalent in national currency, and has an annual turnover which exceeds EUR 1 000 000 or the equivalent in national currency, in the current calendar year, including cases where a telecommunications network, an interface or a portal is used for that purpose, that taxable person shall be deemed to have received and supplied those services himself.”***

Or. en

#### *Justification*

*Online platforms should be liable for the VAT due on imports where there is a risk that the VAT is not paid by suppliers based in third countries. A full customs declaration is compulsory for imports of goods of more than 150€, thereby reducing the risk of VAT not paid. A threshold of 1.000.000 € turnover is introduced in order to not impose the liability burden on SMEs or start ups.*

## Amendment 4

### Proposal for a directive

#### Article 1 – paragraph 1 – point 6

Directive 2006/112/EC

Article 369 – paragraph 2 – subparagraph 2

*Text proposed by the Commission*

*The Member State of identification shall determine the period throughout which those records shall be kept by the taxable person not established within the Community.*

*Amendment*

*Those records must be kept for a period of five years from the end of the year during which the transaction was carried out.*

Or. en

*Justification*

*Five years is sufficient in order to reduce the burden on honest taxpayers.*

## Amendment 5

### Proposal for a directive

#### Article 2 – title

*Text proposed by the Commission*

Amendments to Directive 2006/112/EC with effect from 1 **January** 2021.

*Amendment*

Amendments to Directive 2006/112/EC with effect from 1 **April** 2021.

Or. en

## Amendment 6

### Proposal for a directive

#### Article 2 – paragraph 1

*Text proposed by the Commission*

With effect from 1 **January** 2021, Directive 2006/112/EC is amended as follows:

*Amendment*

With effect from 1 **April** 2021, Directive 2006/112/EC is amended as follows:

Or. en



## Amendment 7

### Proposal for a directive Article 3 – paragraph 1

*Text proposed by the Commission*

With effect from 1 **January** 2021, Title IV of Directive 2009/132/EC is deleted.

*Amendment*

With effect from 1 **April** 2021, Title IV of Directive 2009/132/EC is deleted.

Or. en

## Amendment 8

### Proposal for a directive Article 4 – paragraph 1 – subparagraph 4

*Text proposed by the Commission*

They shall apply the provisions necessary to comply with Articles 2 and 3 of this Directive **with** from 1 **January** 2021.

*Amendment*

They shall apply the provisions necessary to comply with Articles 2 and 3 of this Directive from 1 **April** 2021.

Or. en

### *Justification*

*The Commission and Member States have a legal obligation to allow business to register to the new OSS by 31 December 2020. The rapporteur however considers that business should be given 3 additional months to adapt their own IT systems to connect with the new OSS as developed by the COM and MS. This amendment is particularly addressed to ease the access to the OSS by SMEs. The rapporteur considers useful to give three extra months for business, notably taken into account the difficulties that arose at the entry into force of MOSS.*

## EXPLANATORY STATEMENT

The current VAT directive in force (Council Directive 2006/12/EC) was set up before the rise of the digital economy and encompasses an origin based taxation system which was intended to be transitional. Taking into account the new realities, an update is necessary.

The Commission's proposal for a Directive is part of a larger package of Commission responses to the VAT gap as well as a general modernisation exercise of the VAT system.

The Commission's proposal builds on the mini One-Stop-Shop (MOSS) which was introduced in 2015 in order to reduce the compliance costs of providers of electronic services. It is generally agreed that the MOSS is a success in terms of reduction of administrative burden, but also in terms of revenue raising. The Commission's proposal aims at extending the scope of the MOSS. The impact assessment of the Commission shows that current VAT obligations compliance costs for doing business cross-border are on average €8000 annually for each Member State which a business supplies to. This proposal will reduce this amount by up to 95%. It will also help Member States to raise revenue as the impact assessment shows that Member States lose 5 billion € of VAT annually due to the exemption of VAT for import of small consignments and to the non-compliance of business established outside the EU but making online business in the EU.

The rapporteur generally welcomes the Commission proposal, which overall aims to simplify VAT rules regarding cross-border e-commerce, reduce compliance costs - an important element for SMEs and microbusiness - and boost both intra- and extra- EU trade by eradicating the existing competitiveness distortion created by non EU-businesses making VAT-free supplies into the EU.

The rapporteur welcomes the amendment of article 28 proposed by the Commission which provides that online platforms are held liable for the collection of VAT in supplies of services. However, he also suggests to hold platforms liable for the collection of VAT when they act as intermediaries in supplies of goods imported from third countries. EU businesses and especially SMEs suffer from a competitive disadvantage when suppliers outside the EU sell goods online to EU consumers without paying the VAT due in the EU.

The rapporteur also welcomes the proposal to extend the mini One Stop Shop for electronic services (MOSS) to include online supplies of goods and to extend all cross-border services to end consumers, as well as the rapporteur agrees to the new One-Stop Shop (OSS) to be extended to imports. The latter mechanism would imply that VAT can be collected at the point of sale to EU customers by sellers on market places and would mean a faster customs mechanism. Regarding the implementation period however, the Member States have a legal obligation to allow business to register in the new OSS by 31 December 2020. The rapporteur however considers that business should be given 3 additional months to adapt their own IT systems to connect with the new OSS, and proposes an amendment in this regard so as to ease access for SMEs to the OSS.

The rapporteur very much welcomes the removal of the intra-EU distance sales regime and the small consignment exemption on imports. This proposal is an effort towards applying the destination principle for VAT.

The rapporteur furthermore proposes an amendment as regards the period for the record keeping of the transactions covered by the OSS, which currently is 10 years, and where the Commission now proposes home country rules. With the aim of both limiting administrative burdens and align rules within the internal market, the rapporteur proposes a limit of 5 years record keeping.