

EN  
E-001293/2024  
Answer given by Mr Gentiloni  
on behalf of the European Commission  
(1.7.2024)

Reducing administrative burdens for small and medium enterprises (SMEs) is, and will remain, a top priority for the Commission.

On 1 July 2021, the Value Added Taxes (VAT) e-commerce package<sup>1</sup> entered into application, which introduced the One-Stop Shop (OSS) simplification scheme. This allows businesses, including SMEs, to declare and remit the VAT on all cross-border supplies to their Member State of establishment in a single VAT declaration, therefore reducing the need for SMEs to register in each Member State in which they are making cross-border supplies. Building on this success, on 8 December 2022, the Commission adopted the VAT in the Digital Age (ViDA) proposal<sup>2</sup>, which will further extend the range of supplies covered by the OSS, allowing SMEs to benefit from a single VAT registration in the EU.

In addition, from 1 January 2025, the new rules for the special scheme for small enterprises<sup>3</sup> will allow small enterprises to exempt from VAT supplies of goods and services not only in their Member State of establishment but also in other Member States, as well as benefit from simplified VAT obligations.

On 12 September 2023, the Commission also adopted a proposal for a Head Office Taxation system. The proposal aims to provide SMEs who operate cross-border in the internal market, by way of permanent establishments, the option to interact with the tax administration of their Head Office only. The tax results of their permanent establishments will be computed in accordance with the corporate tax rules of their Member State of origin. This is a significant step in simplifying tax compliance rules for SMEs in the early stages of expansion.

Finally, the Company Law Directives providing for on-line procedures and on cross-border operations<sup>4</sup> as well as the upcoming directive on Upgrading Digital Company Law<sup>5</sup> are expected to bring important cost savings and make cross-border business easier for SMEs.

---

<sup>1</sup> Council Directive (EU) 2017/2455 of 5 December 2017 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. Council Directive (EU) 2019/1995 of 21 November 2019 amending Directive 2006/112/EC as regards provisions relating to distance sales of goods and certain domestic supplies of goods.

<sup>2</sup> [https://taxation-customs.ec.europa.eu/taxation-1/value-added-tax-vat/vat-digital-age\\_en](https://taxation-customs.ec.europa.eu/taxation-1/value-added-tax-vat/vat-digital-age_en)

<sup>3</sup> Council Directive (EU) 2020/285 of 18 February 2020 amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises and Regulation (EU) No 904/2010 as regards the administrative cooperation and exchange of information for the purpose of monitoring the correct application of the special scheme for small enterprises.

<sup>4</sup> Directive (EU) 1151/2019 (OJ L 186, 11.7.2019, p. 80) and Directive (EU) 2121/2019 (OJ L 321, 12.12.2019, p.1).

<sup>5</sup> Digitalisation Directive (EU) 2019/1151 and forthcoming Directive on further expanding and upgrading the use of digital tools and processes in company law; Council and Parliament strike a deal to expand the use of digital tools in EU company law: <https://www.consilium.europa.eu/en/press/press-releases/2024/03/13/council-and-parliament-strike-a-deal-to-expand-the-use-of-digital-tools-in-eu-company-law/>