

WRITTEN QUESTION P-2222/08
by Raymond Langendries (PPE-DE)
to the Commission

Subject: VAT units - measures to prevent fraud and tax evasion

Where, in line with Article 11(1) of Directive 2006/112/EC¹, a Member State regards as a single taxable person persons established in the territory of that Member State who, while legally independent, are closely bound to one another by financial, economic and organisational links, can that Member State stipulate, without consulting the VAT Committee, that the provision of a service, as defined by Article 56 of Directive 2006/112/EC, by a taxable person established outside its territory, for the purposes of one of its establishments that belongs to a VAT unit on its territory within the meaning of Article 11(1), is also treated as the supply of services for consideration? In such a case, is it sufficient to consult the VAT Committee (provided for under Article 398 of Directive 2006/112/EC) regarding the introduction of the VAT unit, without it being necessary to mention possible measures to prevent fraud and tax evasion?

Does the imposition of taxation in the country of the establishment that benefits from a service provided by an establishment belonging to the same legal entity but established abroad not constitute an infringement of the VAT Directive as interpreted by the Court of Justice in its judgment in Case C-210/04 concerning the FCE Bank?

If, on the other hand, the imposition of tax in the country of the establishment receiving the service is in line with the VAT Directive, why has the Commission not launched any proceedings against Member States such as the United Kingdom, Ireland or the Netherlands, which, as indicated in the report submitted to the Commission by Price Waterhouse Coopers, authorise cross-border VAT units?

¹ OJ L 347, 11.12.2006, p. 1.