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“Future of VAT” Roundtable

**Particular issues arising for SMEs
and their SMP advisers**

FEE Brussels 18th November 2014



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- Aim was to create a system to mirror national tax practices, while supporting a borderless Union;
- Temporary transitional regime still in place 20 years later!
- Exempts cross border supplies;
- Taxes purchases in member state of acquisition;
- Needs to move more towards the principle of taxing at destination.....



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CROSS BORDER RULINGS - Searching for Certainty

- 28 member states – 15 took part in the pilot
- 13 (including Ireland) did NOT;
- Recent study of reasons for rejecting a ruling:
 - Because another MS did not participate in pilot
 - The answer will take too long....

So what is the answer – complex?– most are!!

**Presuming we will push harder with an amended
CBR?**

What if this doesn't work?

Will it be changed?

Or abandoned??



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The SME/SMP Perspective!!!

28 member states

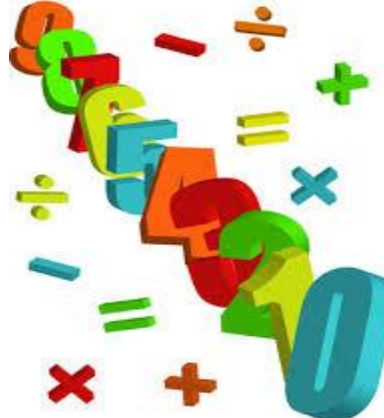
29 different rates – ranging between 0% and 27%

Including 2.1%, 4.8%, 5.5%, 6.5%, 8.5%, 13.5%

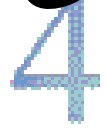


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The SME/SMP Perspective!!!





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In order to sell a product or service across an EU border I must ask myself:

- Business or Private?
- If a business, **their** VAT number?
- If private, what is threshold in **their** MS? (€26K- €84K) BUT....
- What is their SME exemption threshold? (€6K - €95K)
- What am I selling?
- What's the rate in my country? (eg 0%, 8.5%, 13.5%, 23%)
- What is my internal registration threshold? (€37.5K - €75K)
- Who is responsible for shipping? (post is exempt unless over threshold – which???)
- Where are goods located at time of supply?
- For service to private SHOULD be vatable at place of supply, but maybe not (property, transport)
- Additional paperwork (eg intrastat) requirement? - more demanding!



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HELP????

- “Vademacum on VAT obligations”
- If you need to register in another MS most, but not all, online

BUT:

- Different Rates
- Different Thresholds
- Electronically? Probably!
- Different information required, on different forms
- Sometimes only in local language



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Thank you for listening!

Any Questions??

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