

# VAT in the Digital Age

Fields marked with \* are mandatory.

## VAT in the Digital Age

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### Introduction

Value added tax (VAT) has become an increasingly important source of revenues for EU Member States and is also an important EU own resource. The current EU VAT system, however, has become increasingly complex and burdensome for businesses and is subject to fraud. This partly stems from the fact that it needs to be improved in order to keep pace with the challenges and opportunities of new technologies.

For this reason, the VAT system is at the centre of an ongoing reflection to understand how to:

1. make it easier for business to comply with;
2. make it more fraud-proof; and
3. adapt its structure in order to benefit from the latest digital and technological developments.

Against this background, the European Commission has committed itself to adapting the EU VAT framework to the digital sphere. Specific initiatives include:

1. modernising VAT reporting obligations and considering the possibility of further extending e-invoicing;
2. adapting the VAT treatment of the “platform economy” so that it fits the new developments in this area; and
3. facilitating VAT registration and compliance, including a revision of the existing rules requiring the registration of non-established taxpayers, the [One-Stop-Shop](#) (OSS) and the [Import One-Stop-Shop](#) (IOSS). The single VAT registration in the EU is an ongoing process linked to the [changes introduced on 1 July 2021](#) for e-commerce, thus needing an evaluation.

All three elements will reduce the administrative burdens for businesses in complying with their VAT obligations and help Member States fight fraud. The time needed for Member States and businesses to implement any IT system will be carefully assessed, notably in relation to digital reporting requirements which might require a longer implementation period. The full implementation of digital reporting requirements might therefore run until 2030 but will depend on the level of centralisation of the IT infrastructure to be built.

This Public Consultation aims at reaching out to citizens, companies, self-employed persons, business federations, VAT experts, providers of IT and tax compliance services, academic institutions and public entities to collect views and information on the current situation and possible policy changes. Your contribution will thus contribute to the economic and legal analysis underpinning possible changes to the EU VAT framework.

Fields marked with an asterisk (\*) are mandatory.

## About you

- \* Language of my contribution

English

- \* You are replying

in your professional capacity or on behalf of an organisation

- \* I am giving my contribution as

Business organisation/federation

- \* Organisation name

*255 character(s) maximum*

Accountancy Europe

Transparency register number

*255 character(s) maximum*

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making

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- \* Where is your organisation located (main headquarters in the case of organisations carrying out activities in several countries)?

Belgium

The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association', 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default are based on the type of respondent selected

- \* **Contribution publication privacy settings**

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The type of respondent that you responded to this consultation as, your country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself.

**Public**

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published

I agree with the [personal data protection provisions](#)

## Part 1 – Digital Reporting Requirements

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“Digital Reporting Requirements” (DRRs) represent any obligation for VAT traders to report transactional data (transaction-by-transaction) other than the obligation to submit a VAT return. DRRs include:

- various types of **reporting requirements** (e.g. VAT listing, Standard Audit File/SAF-T, real-time reporting); and
- the obligation for taxable persons to issue e-invoices in transactions with other businesses and/or consumers, i.e. **mandatory e-invoicing requirements**.

The EU Member States, pressed by the magnitude and importance of losing revenue when they need it the most to support the economy and to recover after the COVID-pandemic, are introducing different DRRs. The **recapitulative statements**, also known as ‘EC sales listing’ or ‘VIES listing’, are statements that must be submitted by VAT traders engaging in intra-EU transactions.

Please express your agreement or disagreement with the following statements concerning the current situation

[One answer per line]

	Agree	Partly agree	Neither agree nor disagree	Partly disagree	Disagree	Don't know
* The wide discretion left to Member States and the lack of EU guidance result in a fragmented regulatory framework for DRRs	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The fragmentation of the regulatory framework for DRRs generates unnecessary costs for EU companies operating cross-border	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>* The fact that DRRs are optional for Member States has a negative impact on the fight against <b>intra-EU VAT fraud</b>*</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>* The fact that DRRs are optional for Member States has a negative impact on the fight against <b>domestic VAT fraud</b></p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* intra-EU VAT fraud, including missing trader intra community (MTIC) or carousel fraud abuses the VAT rules applicable to intracommunity trade which allow for purchases in another Member State to be made VAT-free. MTIC consists in the missing trader disappearing with the VAT that has been charged on a subsequent sale

Please express your agreement or disagreement with the following statements concerning the current situation. The recapitulative statements for intra-Community transactions (EC sales listing):

[One answer per line]

	Agree	Partly agree	Neither agree nor disagree	Partly disagree	Disagree	Don't know
* Are an effective tool to fight intra-EU VAT fraud	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Have a similar effectiveness in fighting intra-EU VAT fraud as existing reporting requirements for domestic transactions and available data collection technologies	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Would be more effective to fight intra-EU VAT fraud if the data is collected on a transaction-by-transaction basis and closer to the moment of transaction rather than per customer	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* Is EU action necessary to ensure a more widespread adoption of digital reporting and e-invoicing requirements?

- To a large extent
- To a limited extent
- Not at all
- It would be contra productive
- Don't know

Should EU promote uniform digital reporting requirements for domestic transactions or rather leave Member States free to adapt reporting / e-invoicing requirements to their local needs?

[Please use the slider to select a value between 1 (Member States deciding individually) and 10 (promoted at EU level)]

Please rate the importance of the following objectives of a possible EU initiative in the field of DRRs

[One answer per line]

	Very important	Important	Not so important	Not important	Don't know
* Foster the adoption of digital reporting requirements that optimise the use of digital technologies	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Reduce the fragmentation of digital reporting requirements to the largest extent possible	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What do you think about the following possible interventions aimed at reducing fragmentation of domestic digital reporting and improving the reporting of intra-EU transactions?

[One answer per line]

	Agree	Partly agree	Neither agree nor disagree	Partly disagree	Disagree	Don't know
* The European Commission publishes a <u>non-binding</u> recommendation providing a common design for reporting obligations across the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Member States no longer having to ask for an explicit derogation for introducing mandatory e-invoicing for B2B transactions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Requiring taxpayers to record data about their VAT transactions in a standard digital format, which tax authorities can access upon request	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The introduction of an EU DRR for intra-EU transactions and harmonisation of existing systems for domestic transactions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The introduction of an EU DRR for both intra-EU and domestic transactions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* For the exchanges of information on intra-EU transactions between Member States, different IT systems can be envisaged: from a decentralised model (a VIES-like system), with possible additional features, to a centralised system where information is stored at a central level.

What is your preference?

How do you rate the risks in terms of data protection?

[One answer per line]

	Very high risk	High risk	Average risk	Low risk	Very low risk	Don't know
* Decentralised model (a VIES-like system)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Decentralised model (a VIES-like system), with possible additional features	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Centralised system where information is stored at a central level	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How do you rate the difficulties in terms of interoperability with national systems?

[One answer per line]

	Very difficult	Difficult	Neither difficult nor easy	Easy	Very easy	Don't know
* Decentralised model (a VIES-like system)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Decentralised model (a VIES-like system), with possible additional features	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Centralised system where information is stored at a central level	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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\* In your country, digital reporting requirements/e-invoicing are:

- In place
- Planned
- Neither in place nor planned
- Don't know

Would you like to add any comments or suggestions on reporting / e-invoicing requirements?

General comments:

We believe that the fragmented approach to digital reporting across Europe contributes to fraud & increased compliance costs. Non-binding guidelines are not the answer and would prefer legislated, harmonised and centralised digital reporting and e-invoicing requirements across the EU.

Ideally, the solution would also apply to domestic digital reporting and e-invoicing systems to avoid businesses and tax authorities having to use multiple systems. However, although multinational businesses would benefit from harmonised digital reporting, smaller businesses with cross-border trade may struggle to pay for significant changes and implement them rapidly. So, although invoicing rules should be harmonised, for digital reporting it may be preferable to first harmonise the basic rules and processes needed for exchanges of information among Member States - but for domestic transactions, to initially leave the technicalities of the reporting systems to Member States. This would provide more time to design and transition to a more comprehensive & centralised EU reporting system suitable for all sizes of businesses for both national & cross-border transactions.

Comments relating to specific questions:

Question Page 4: recapitulative statements:

Recapitulative statements can be a useful tool in their own regard, but we have seen indications that tax authorities don't always have the tools & resources to use the data. Additionally, as recapitulative statements are not effective in detecting errors and potential frauds very rapidly, a broader single EU wide DRR must be seen as an immediate objective.

Question Page 5\6: reducing fragmentation of domestic digital reporting etc

If only non-binding guidelines are issued by the Commission there is a concern that they would not be adopted by the Member States, leading to 27 different non-compatible systems. For the Single Market to function properly digital reporting and e-invoicing requirements must apply in a consistent and harmonised manner across the EU. Of the options presented, our preference is the introduction of an EU DRR for both intra-EU and domestic transactions, as this should lead to a harmonised system that would best help reduce the barriers to cross-border trade, reduce fraud and ensure a more level playing field, in particular for SMEs (subject to a phased approach, as mentioned above).

Question Page 6 re the model of DRR

We prefer a centralised option. However, should a system be chosen that is based around a decentralised model with specific requests for data being made by Member State's tax administrations, there should be controls to prevent multiple Member States making separate requests for the same data at the same time. The system should also properly integrate with the Directive for Administrative Cooperation in Taxation.

Question Page 6 re the risks for data protection:

In respect of data protection, it is difficult to answer the question as no solid proposals for the data exchange mechanisms, or an indication of the technologies that may be employed, have been presented in the public consultation.

It is also difficult to assess what constitutes an 'average' level of risk.

We do not believe that any of the options presented are inherently more or less risky than the others. It could



be argued that it should be easier to properly secure a single centralised source of data than for 27 or more local systems. For example, we understand that the VIES system is not entirely secure due to the large number of persons that have access to it. However, a breach of a centralised data repository hugely increases the potential amount of sensitive data that could be exposed.

Any systems proposed should, of course, have properly designed and implemented data control protocols. They should take advantage of privacy technologies such as pseudoanonymisation, data encryption, and the use of 'blockchain' based trust techniques based around tokenisation of data that show users that transactions have taken place but prevent unauthorised users from accessing the details.

Question Page 6: How do you rate the difficulties in terms of interoperability with national systems?

We are uncertain as to which digitalised approach would cause the least disruption and cost to implement. From a business perspective, a single common European approach would potentially cause the least disruption and cost, but it may be that local branches already use different systems to comply with existing national requirements. A priori, linking existing national systems to a pan-EU system may be attractive to tax authorities as a cost saving measure (and for business, if the links were automatic and transparent) but this could lead to the existence of two systems run by a single national tax authority, both of which must be maintained and kept up to date for at least a transitional period, increasing costs over the longer term.

## Part 2 – The VAT Treatment of the Platform Economy

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'**Platform economy**' is the term used in this questionnaire to describe a multi-sided model of transactions, where there are at least three parties involved. The role of the '**online/digital platform**' \* is to facilitate the connection between two distinct but interdependent sets of users (firms or individuals) who interact typically via electronic means. One of the parties to the platforms ('**provider**') offers access to assets, resources, time and/or skills, goods and/or services to the other party ('**consumer**'), in return for monetary or non-monetary consideration. A platform usually charges a fee for the facilitation of the transaction. It does not possess any of the assets on offer nor usually provides the services via its own staff.

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\*online/digital platforms may be defined differently in other legislation.

The current VAT system is unaligned with the new realities, such as the challenges of the platform economy in tackling distortions of competition between traditional and online economic transactions. Thus, VAT equality and neutrality could be at risk if the VAT provisions are not adapted to the digital age. The VAT on e-commerce package adopted specific rules for goods sold via a platform, but no similar rules for services exist.

\* How often do you buy goods or services via platforms?

- several times per month
- once or twice per year
- I don't buy goods or services via platforms

\* How often do you offer goods or services via platforms?

- several times per week
- several times per month
- once or twice per year
- I don't offer goods or services via platforms

\* Currently, in the EU VAT Directive, there are no specific provisions dealing with the treatment of services supplied via platforms. Does the lack of specific VAT provisions create problems for platforms and their users?

- Yes, it creates major problems
- Yes, it creates moderate problems
- Yes, it creates minor problems
- No, it does not
- Don't know

\* Have you experienced specific problems concerning the VAT treatment of services supplied via platforms?

- YES
- NO

What was the problem? Please describe

Please indicate the relevance of these issues for each of the following sectors:

[Optional question, multiple answers possible (0 to 5) per each row]

	Transport services	Accommodation
Defining whether/when providers/consumers would qualify as VAT taxable persons	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assessment of the consumer's VAT status which could define the place of supply in cross-border transactions	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defining whether the platform's services should be classified as intermediation or electronically supplied services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Problem in determining the status of the service - whether it is taxable or exempt and if taxed, at what rate	<input type="checkbox"/>	<input checked="" type="checkbox"/>

\* Do you experience distortions to cross-border competition with other firms offering the same services, due to differences in VAT treatment between EU Member States?

- Yes, there are major distortions to competition
- Yes, there are moderate distortions to competition
- Yes, there are minor distortions to competition
- No, it does not
- Don't know

\* Do you experience distortions of competition with other domestic firms offering the same services via 'non-platform' means due to the uneven treatment of similar services/providers in your Member State?

- Yes, it creates very uneven treatment
- Yes, it creates uneven treatment
- No, it does not
- Don't know

\* To what extent is the current VAT treatment an important driver of or obstacle to the digital platform business model?

- Strong driver
- Moderate driver
- None
- Moderate obstacle
- Significant obstacle
- Do not know

\* Do you think that VAT evasion and avoidance represent a specific problem for the platform economy?

- Yes, for platforms offering both goods and services
- Yes, mostly for platforms offering goods
- Yes, mostly for platforms offering services
- No
- Do not know

\* To what extent do you perceive that changes to the VAT Directive and Implementing Regulation are necessary to ensure the proper VAT treatment of the platform economy?

- To a very large extent
- To a large extent
- To some extent
- To a limited extent
- Not at all
- Do not know

Please rate the importance of the following objectives for potential EU initiatives on:

	Very important	Important	Not so important	Not important	Do not know

* Reducing costs for economic operators	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Ensuring a level-playing field between traditional and platform economy (uniform treatment)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Ensuring the harmonized treatment of the platform economy across Member States	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Ensuring a broad tax base	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Ensuring tax compliance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Simplicity of application	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

To what extent would you agree with the necessity of the following possible interventions at EU level in the area of VAT treatment of the platform economy?

	Agree	Partly agree	Neither agree nor disagree	Partly disagree	Disagree	Do not know
* Clarification of the nature of the services provided by the platform	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Rebuttable presumption on the status of platform providers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Streamlining of record-keeping obligations	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Deemed supplier regime for digital platforms for supply of <u>certain accommodation and transport services</u> (residence renting, ride on demand and home delivery services)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Deemed supplier regime for digital platforms for supply of <u>all accommodation and transport services</u>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Deemed supplier regime for digital platforms for <u>all services</u> for monetary consideration	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Note. Under a deemed supplier regime, the platform would be liable to charge and collect the VAT where the provider is a private person, or they are otherwise not required to account for the VAT themselves

Do you see any practical difficulties (for businesses or the public budget) due to the following legislative interventions at the EU level?

	Difficulties (please describe): [leave blank if "none" or "don't know"]
Clarification of the nature of the services provided by the platform	There is a potential 'borderline' issue as to whether the supply is an intermediary service with its own place of supply rules or an electronic supply of services.
Rebuttable presumption on the status of the service provider using a platform	In respect of the non-rebuttable presumption, there could be issues in circumstances where, for example, farmers using an agricultural flat rate scheme have taxed activities at a positive rate of VAT (for example, holiday letting) and so already have a VAT number. A rebuttable presumption could be introduced, so that the provider is considered not to be a taxable person unless he/she provides a VAT number to the platform for the supplies made via the platform
Streamlining of record-keeping obligations	We believe that this would streamline the record keeping obligations for the platform, but the platforms face considerable challenges to verify that the underlying service provider is resident or non-resident. A rebuttable presumption should be applied in this respect.

Deemed supplier role for digital platforms

There is a potential 'borderline' issue of only including supplies for monetary consideration, for example, where supplies are made partly for monetary and partly for non-monetary consideration.

We are also aware of uncertainty and complexity in respect to deemed chain transactions. For example, under German law, if multiple goods are shipped in one package under a contract of carriage, they are also considered (even if they were ordered separately) to be one single shipment. This has a major practical impact, since the online marketplace normally cannot verify the value of a consignment if multiple orders from the same customer exist, and the shipment to the single customer is made by the online trader because the online marketplace does not know the number of packages being used by the seller. Therefore, the online marketplace cannot verify whether a chain transaction is deemed to have taken place and thus is unaware whether it needs to fulfil its VAT obligations under VAT law - unless it implements contractual agreements with the sellers to provide all necessary information (e.g. the intrinsic value per consignment) in due course.

In your opinion, how significant would the impact of the deemed supplier model be on the equal treatment of the traditional and platform economies in the following cases:

	Major positive impacts	Moderate positive impacts	Small or no impacts	Moderate negative impacts	Major negative impacts	Do not know
* Supply of certain accommodation and transport services (residence renting, ride on demand and home delivery services)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Supply of all accommodation and transport services	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* All services for monetary consideration	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Would you like to add any comments or suggestions on the VAT treatment of the platform economy?



## General Comments

We believe that the current treatment of the platform economy causes market distortions and increases the risk of avoidance and evasion. The issues here are in respect of 'borderlines' – i.e. the boundary of what is a good and what is a service, whether someone is a deemed supplier or not, etc. We would welcome further clarity and harmonisation in EU legislation to deal with such issues. We also believe that the deemed supplier rules should be extended to all goods and services.

Comments relating to specific questions:

Question Page 9 Please indicate the relevance of these issues for each of the following sectors:

In respect of 'household and professional services,' due to national implementation of the use and enjoyment clause, we are aware that some countries have issues with household services but not with the supply of professional services. A harmonised interpretation of the 'use and enjoyment' provision in article 59a of the VAT Directive would, therefore, be desirable.

In our view, the issue of tax evasion and fraud mostly arises from the supply of goods, but we are aware that national interpretations of VAT law can also lead to issues with the supply of services.

We believe that any solution can only be achieved through legislation and not by means of non-binding guidelines.

Question Page 13: To what extent would you agree with the necessity of the following possible interventions at EU level in the area of VAT treatment of the platform economy?

Again it is a question of 'borderlines' – if supplies of only certain accommodation and transport services, or indeed all supplies in these sectors, are covered this opens up the possibility of suppliers being able structure transactions in a way that could exempt them from the status of a deemed supplier. Consequently, our preference is for the final option - "Deemed supplier regime for digital platforms for all services for monetary consideration."

However, we would also propose that this option is opened up beyond services for 'monetary consideration'. Whilst we appreciate that it can be difficult to assign a value to goods or services provided through barter transactions, we believe that all transactions made by taxable persons should be covered. Limiting the scope of the provisions to purely monetary transactions again raises the risk that avoidance may be possible by structuring transactions in a certain manner.

Question Page 14

From the perspective of tax administration and collection, it is likely that the deemed supplier rules will result in additional revenue and some cost saving. For businesses, there is a potential for market distortion where businesses operating through a platform have VAT charged on supplies by the platform, whereas a business using other sales channels may not have to charge VAT. This distortion would be more pronounced in Member States with a high VAT registration threshold.

## Part 3 – Single VAT Registration in the EU and IOSS

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There are situations in which businesses engaged in certain transactions may have to declare (and sometimes pay) VAT in another Member State. In such situations, they have to **register and declare VAT**

**in a Member State in which they are not established**, which can be a lengthy and burdensome process. The concept of a single place of VAT registration aims to minimise the occurrence of such situations.

**This issue was partly addressed with the introduction of two new mechanisms on 1 July 2021.** For taxable persons supplying cross-border business-to-consumer (B2C) goods or services where VAT is due in the Member State of the customer, the [One-Stop Shop](#) (OSS) allows suppliers to complete a single OSS declaration for all pan-EU supplies. This avoids the need for these suppliers to register in the Member State(s) of their customers.

A further innovation was the introduction of the [Import One-Stop Shop](#) (IOSS). Simply, this allows suppliers selling goods of a low value from a third country or territory to a consumer in a Member State, to collect VAT on those sales of imported goods from the customer when the goods are ordered and to declare and pay that VAT via the IOSS. This avoids the potential VAT registration obligation of the supplier /deemed supplier in each Member State of destination of the goods.

Both mechanisms thereby aim to reduce administrative burdens and compliance costs for taxable persons. They also aim to improve VAT compliance (by making it easier and less expensive) and to improve the functioning of the EU Single Market (by making it less likely that taxable persons will avoid certain transactions or markets due to VAT registration obligations). However, despite the recent changes, there remain several types of transaction that oblige taxable persons to obtain and hold more than one VAT registration (such as when a business transfers its own goods across borders).

The following questions focus on your views and experiences of the OSS and IOSS, as well as on the remaining problems and several policy options that could improve the situation in the future.

How important are the following objectives for you / your organisation?

[One answer per line]

	Very important	Important	Not so important	Not important	Do not know
* Minimising the need for taxable persons to hold multiple VAT registrations	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Simplifying and facilitating VAT compliance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Reducing fraud and maximising VAT revenue	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Modernising the VAT rules linked to VAT registration obligations for distance sales of goods	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In your view, has the launch of the **OSS** led to progress towards the following objectives?

[One answer per line]

	Significant progress	Moderate progress	Minor progress	No progress	Do not know

* Minimising the need for taxable persons to hold multiple VAT registrations	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Modernising the VAT rules linked to VAT registration obligations for distance sales of goods	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Simplifying and facilitating VAT compliance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Reducing fraud and maximising VAT revenue	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In your view, has the launch of the **IOSS** led to progress towards the following objectives?

[One answer per line]

	Significant progress	Moderate progress	Minor progress	No progress	Do not know
* Minimising the need for taxable persons to hold multiple VAT registrations	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Modernising the VAT rules linked to VAT registration obligations for distance sales of goods	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Simplifying and facilitating VAT compliance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Reducing fraud and maximising VAT revenue	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In your view, how consistent is the **OSS** with EU policies, requirements and regulations in the following fields?

[One answer per line]

	Very consistent	Mostly consistent	Partly consistent	Not very consistent	Do not know
* The SME Strategy for a sustainable Europe	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The European digital single market	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* EU Administrative cooperation in the field of indirect taxation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The Union Customs Code	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

In your view, how consistent is the **IOSS** with EU policies, requirements and regulations in the following fields?

[One answer per line]

	Very consistent	Mostly consistent	Partly consistent	Not very consistent	Do not know
* The SME Strategy for a sustainable Europe	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The European digital single market	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* EU Administrative cooperation in the field of indirect taxation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The Union Customs Code	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* Do you have direct experience with either of these mechanisms?

- OSS
- IOSS
- Both
- Neither

Please express your agreement or disagreement with the following statements concerning the OSS?

[One answer per line]

	Agree	Partly agree	Neither agree nor disagree	Partly disagree	Disagree	Do not know
* The OSS has been implemented smoothly	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Because of the OSS, many businesses no longer need to maintain VAT registrations that they previously had in other Member States	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The OSS is allowing businesses to pursue new customers and / or markets	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The OSS is improving VAT compliance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The OSS is particularly helpful for SMEs	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* It is easy to use the OSS	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The OSS helps to reduce discrepancies in the application of VAT rules in the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

In your view, how important are the following factors in determining whether businesses use the OSS or not (taking into account that it is optional)?

[One answer per line]

	Very important	Important	Not so important	Not important	Do not know
* The size of the business	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The sector/market where the business operates	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The type of transactions in which it engages (i.e. the extent to which these are covered by the OSS)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Whether the business is a deemed supplier	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The Member State(s) in which the business is already established	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The Member State(s) in which they would otherwise face VAT registration obligations	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please express your agreement or disagreement with the following statements concerning the IOSS?

[One answer per line]

	Agree	Partly agree	Neither agree nor disagree	Partly disagree	Disagree	Do not know
* The IOSS has been implemented smoothly	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* For businesses that distance sell imported goods from outside the EU to EU customers, the IOSS is reducing administrative burdens (by removing the need to VAT register in the Member States of customers)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The IOSS is making it easier for businesses to engage in new transactions which currently require them to register in other Member States	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The IOSS is improving VAT compliance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*						

The IOSS is simplifying the process of importation of low value consignments	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The IOSS is particularly helpful for SMEs	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The IOSS helps to reduce discrepancies in the application of VAT rules in the EU	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* It is easy to use the IOSS	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The IOSS helps to reduce discrepancies in the application of Customs and VAT rules in the EU	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In your view, what was the impact of the removal of the VAT exemption for very low value goods (not exceeding EUR 22)?

[One answer per line]

	Agree	Partly agree	Neither agree nor disagree	Partly disagree	Disagree	Do not know
* To level the playing field between EU and non-EU businesses	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* To minimize the risk of undervaluation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* To stop relocating businesses outside the EU to benefit from VAT savings	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* To increase the revenues of Member States	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In your view, how important are the following factors in determining whether businesses use the IOSS or not (taking into account that it is optional)?

[One answer per line]

	Very important	Important	Not so important	Not important	Do not know
* The size of the business	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The sector/market where the business operates	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The types of transactions in which it engages (i.e. the extent to which these are covered by the IOSS)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Whether the business is a deemed supplier	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether the business has an EU place of establishment	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The desire of the business to be compliant	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* The customer experience	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Do you have other observations in relation to your OSS/IOSS experience?

Question Page 15: How important are the following objectives for you / your organisation?  
 We believe that the IOSS is a significant potential benefit for businesses, especially small businesses, but in some jurisdictions, it is perceived as overly complex and businesses are hesitant to use it.

Questions Page 17: In your view, how consistent is the OSS with EU policies, requirements and regulations in the following fields?  
 In respect of consistency with other EU legislation and policy objectives, we believe that both the OSS and IOSS are broadly consistent. We doubt whether it is relevant to ask whether the OSS is consistent with the Union's customs code as the goods must be in free circulation to use the OSS – hence our response of 'Do not know'. In respect of the IOSS, we assess this as partly consistent with the Union's customs code. The IOSS has some significant issues with data transfer from customs so the import procedure is not as smooth as it could be.

Questions Page 18 and 19  
 We believe that allowing the recovery of input tax through the OSS would be a significant incentive for businesses, and especially smaller businesses, to use the OSS.

As mentioned, we believe that the OSS and IOSS are helpful for SMEs that make cross-border supplies, but the VAT system is now so complex they provide only limited assistance to many small businesses. There are also issues with the systems that arise in certain circumstances – for example, it is not easy to use the OSS to report supplies made from multiple points of departure when stocks are held in different locations.

Despite the introduction of the OSS and IOSS, several types of transaction still require taxable persons to obtain and maintain multiple VAT registrations. In your view, how important is each of these?

	3 –widespread among businesses and representing a significant share of turnover for the businesses concerned	2 – only prevalent in specific market segments and / or affect many business but only a small proportion of their turnover	1 – marginal in terms of both prevalence and turnover significance	Don't know
* Transfer of own goods cross-border	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Chain transactions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* B2B2C transactions; namely an intra-community acquisition				

followed by a domestic sale to the final consumer	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Domestic B2B supply of goods where the reverse charge does not apply	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Domestic supplies of B2C goods made by non-established suppliers; such as the sale to consumers after goods have been transferred cross-border to be stored in fulfilment centres, or electric vehicle charging	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* B2C distance sales of goods imported by the supplier from a third country/territory with an intrinsic value exceeding EUR 150 or products subject to excise duties	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Export from a Member State where the exporter is not established, not under transit	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Domestic supply of B2B services where the reverse charge does not apply	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Taking into account your experience of the OSS and IOSS do you think that the requirement for taxable persons to obtain and maintain multiple VAT registrations continues to be a problem?

- To a very large extent
- To a large extent
- To some extent
- To a limited extent
- Not at all
- Don't know

How big a priority do you think it should be for the European Commission to take further action to reduce the need for taxable persons to hold multiple VAT registrations?

- High priority
- Medium priority
- Low priority
- Don't know

Please express your agreement or disagreement with the following statements concerning the current situation?

[One answer per line]

--	--	--	--	--	--	--	--



	Agree	Partly agree	Neither agree nor disagree	Partly disagree	Disagree	Do not know
* VAT registration requirements lead to high administrative and compliance costs for businesses	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* By making it difficult for taxable persons to be compliant, VAT registration requirements contribute to high levels of fraud and non-compliance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Because they want to avoid VAT registration in multiple Member States, many taxable persons do not pursue certain markets or transactions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The European Commission is currently considering some policy options to further reduce the scope of situations where non-established businesses have to register for VAT. Please express your agreement or disagreement with these?

[One answer per line]

	Agree	Partly agree	Neither agree nor disagree	Partly disagree	Disagree	Do not know
* Extension of the OSS so that it covers all B2C supplies of goods and services by non-established suppliers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Extension of the OSS to enable intra-Community supplies and acquisitions of goods, thereby avoiding VAT registration when transferring own goods cross border	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Extension of the OSS to B2B supplies of goods and services, while leaving in place the current VAT refund mechanism for any deductible input VAT incurred outside a taxable person's Member State of establishment	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Extension of the OSS to B2B supplies of goods and services, while also introducing a deduction mechanism into the OSS	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Reverse charge* made available for all B2B supplies carried out by non-established suppliers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Removing the €150 threshold for the IOSS, so that it can be used to declare VAT for distance sales of goods of any value	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Making the IOSS mandatory for all distance sales of imported goods	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Making the IOSS mandatory for all distance sales of imported goods above an EU turnover threshold (e.g: €10,000)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Making the IOSS mandatory for the marketplaces (deemed supplier) only	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

\* The reverse charge mechanism transfers the responsibility to apply VAT to a transaction from the supplier to the buyer of a good or service, thereby removing the obligation for suppliers to VAT register in the Member State where the supply is made. Suppliers that incur local VAT on costs related to the service or goods supplied under the reverse charge may recover these amounts through an EU VAT reclaim

Do you have suggestions to make the IOSS more fraud-proof

Would you like to add any comments or suggestions on the single place of VAT registration or IOSS?

General Comments

We believe that the One-Stop Shop (OSS) and Import One-Stop Shop (IOSS) are both very useful tools for reducing the burden of cross-border trade and, particularly, the need to have multiple VAT registrations in different Member States. We believe that the OSS and IOSS are both useful for SMEs but the systems are still perceived as complex by many small businesses and some issues with their current operation can cause problems for smaller entities. Allowing recovery of input VAT through these systems would greatly increase their utility for smaller entities.

We believe that apart from the specifics mentioned above, the EU VAT system would be better equipped to deal with digitalised commerce with the adoption of:

- Electronic manifest tracking of goods
- Pre-clearance of imported goods
- Harmonised e-invoicing rules
- A centralised and harmonised digital real-time reporting system.

We also believe that the interaction between the OSS (EU scheme) and the margin regimes for second-hand goods needs to be examined. Currently you cannot use the margin scheme and the OSS. However, equivalent goods supplied via a platform where the underlying supplier is non-EU established become taxable on the total value in the destination MS – creating a distortion of competition.

We also believe that the OSS should be able deal with cases of goods transfers followed by local supplies, which currently create registration and filing obligations in the 2nd Member State.

There are still administrative issues relating to reporting in the OSS\IOSS. These include ongoing difficulties with determining residency, confusion on how to correct invoices and lack of information about transactions within a VAT group. We are also aware of differences in national practice about the exchange rates to be applied where the national currency of the location of the supply is not the Euro – i.e. between using ECB rates on the last day of the taxable period as opposed to the use of the average rate of exchange.

There are also issues in respect of corrections to transactions that took place before the OSS\IOSS became operational. This has meant that taxable persons have remained registered in other Member States to facilitate corrections from credit notes, returns and other circumstances for transactions that occurred prior to the implementation of the new regime. Distance sellers are, therefore, burdened with costly compliance and documentation obligations. This has also led to additional complexity for accounting purposes because the corrections need to be presented in the correct period and need to be reported using different taxation procedures and/or rates depending on the date of the transaction. Furthermore, taxable persons would also be required to establish comprehensive compliance tracking in order to report the corrections using the correct procedure

## Additional views (optional)

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Please upload your file(s)

[You may upload here an additional document on the subject of this consultation. All additional documents provided will be published on the Commission website]

### Contact

Cristian.LARGEANU@ec.europa.eu