

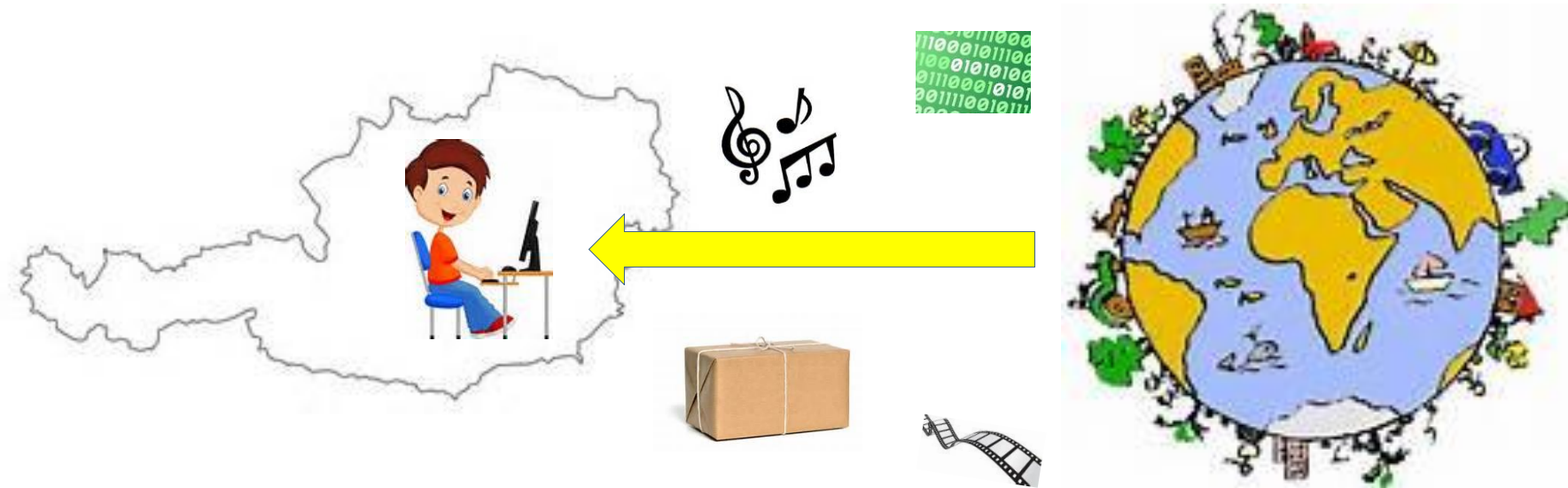
Digitalisation and VAT

Thomas Ecker

The good old days...

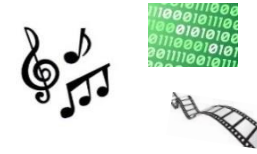


New Challenge



- Secure VAT revenue
 - Prevent distortions of competition
- OECD BEPS Action 1

Remote services



International VAT/GST Guidelines

Solution: Taxation in jurisdiction of consumption

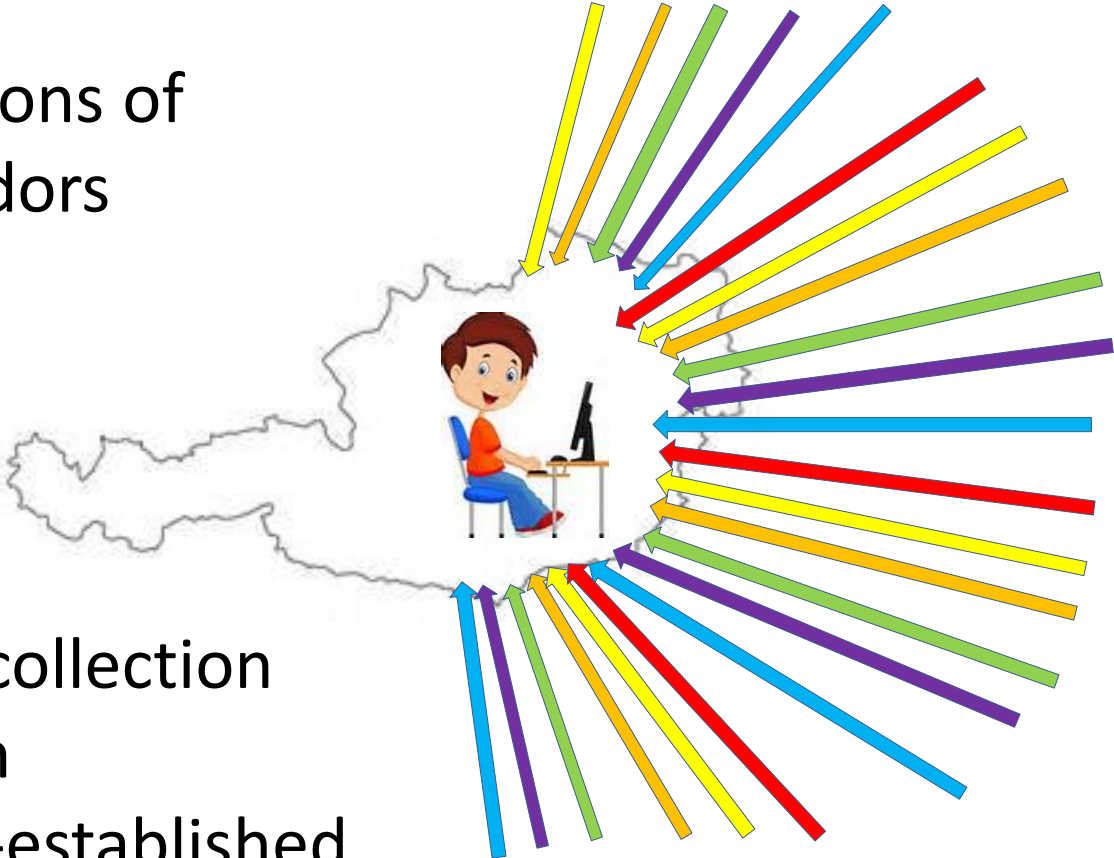
- B2B:
 - customer location (GL 3.2)
 - multi location entities (GL 3.4)
- B2C:
 - customer's usual residence (GL 3.6)



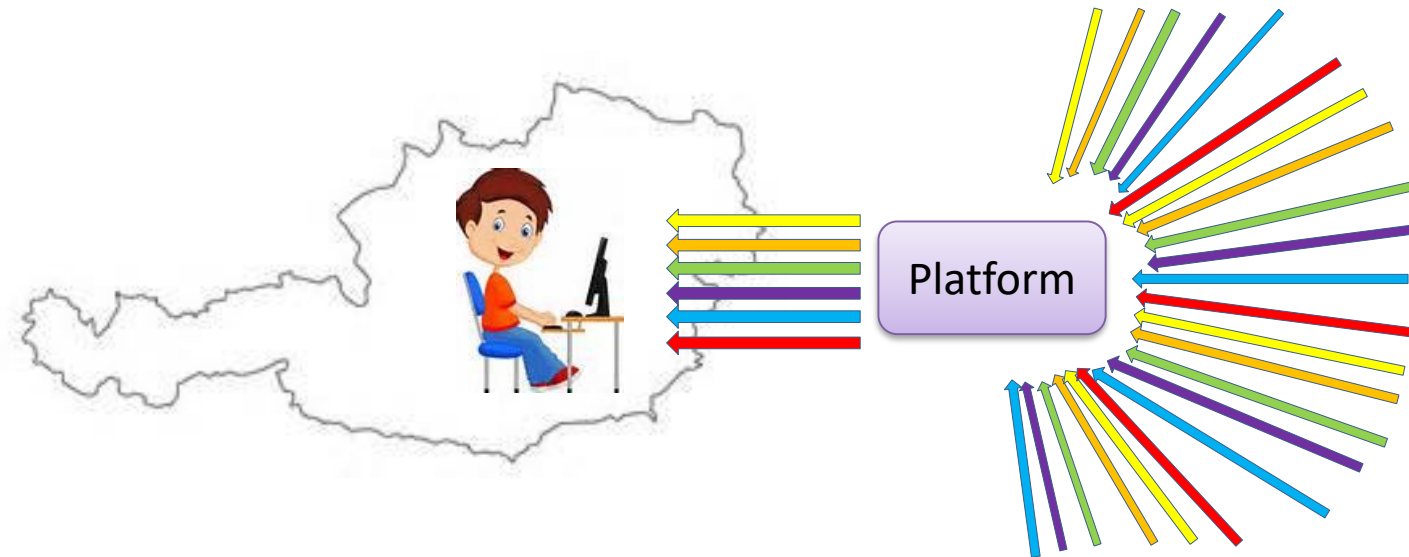
**B2C: Telecom,
broadcasting
e-services (TBE)**

New challenge

- Millions of vendors
- Tax collection from non-established businesses



Role of platforms

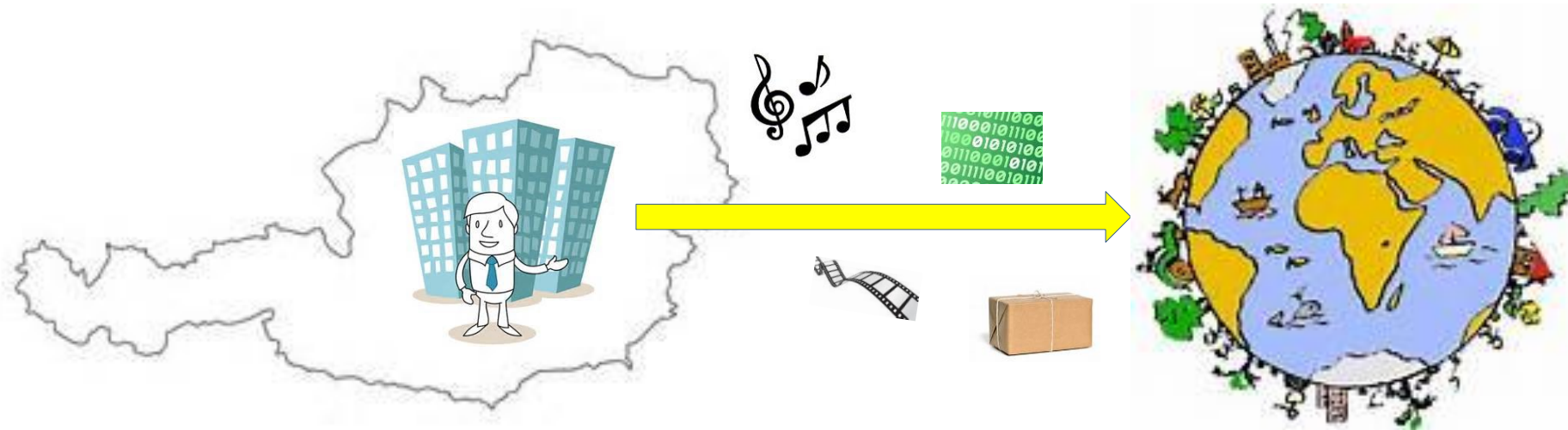




Report: Role of digital platforms in the collection of VAT/GST on online sales



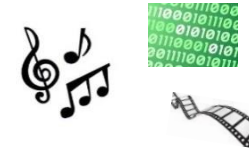
New challenge




Business:

- Tax obligations in many countries
- Determination of status and location of customer

Remote supplies



Report: Mechanisms for Effective Collection of VAT/GST

- B2B:
 - Reverse charge = 
- B2C:
 - Vendor collection
 - Compliance simplifications
 - Simplified registration and collection
 - Reduced administrative obligations (invoice, returns, records)
 - Thresholds



**One-Stop-Shop
(OSS)**

Supplies of goods



Report on low value goods

Solution: Taxation in jurisdiction of consumption

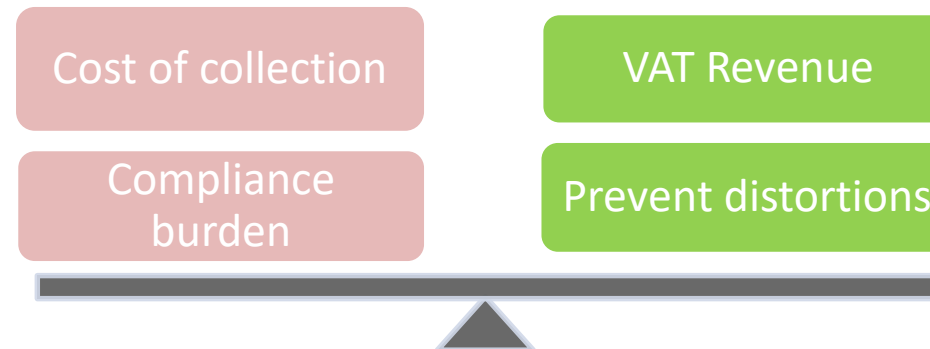
- Guidance for evaluation of exemption threshold
- Different possibilities to levy import VAT
 - E.g. who can be taxpayer

Import of low value goods



- Most countries have VAT exemption for import of low value goods
 - Mostly based on per-import-threshold
 - thresholds vary considerably
 - EU: 11-22 €

– Trade-off



- Digital economy aggravates problem



EU e-Commerce Package



- Start: 1 July 2021
- Taxation in Member State of destination
 - Intra-EU
 - Abolishment of threshold for distance sales
 - introduction EU threshold for micro-businesses
 - Imports
 - Abolishment of exemption for low value goods



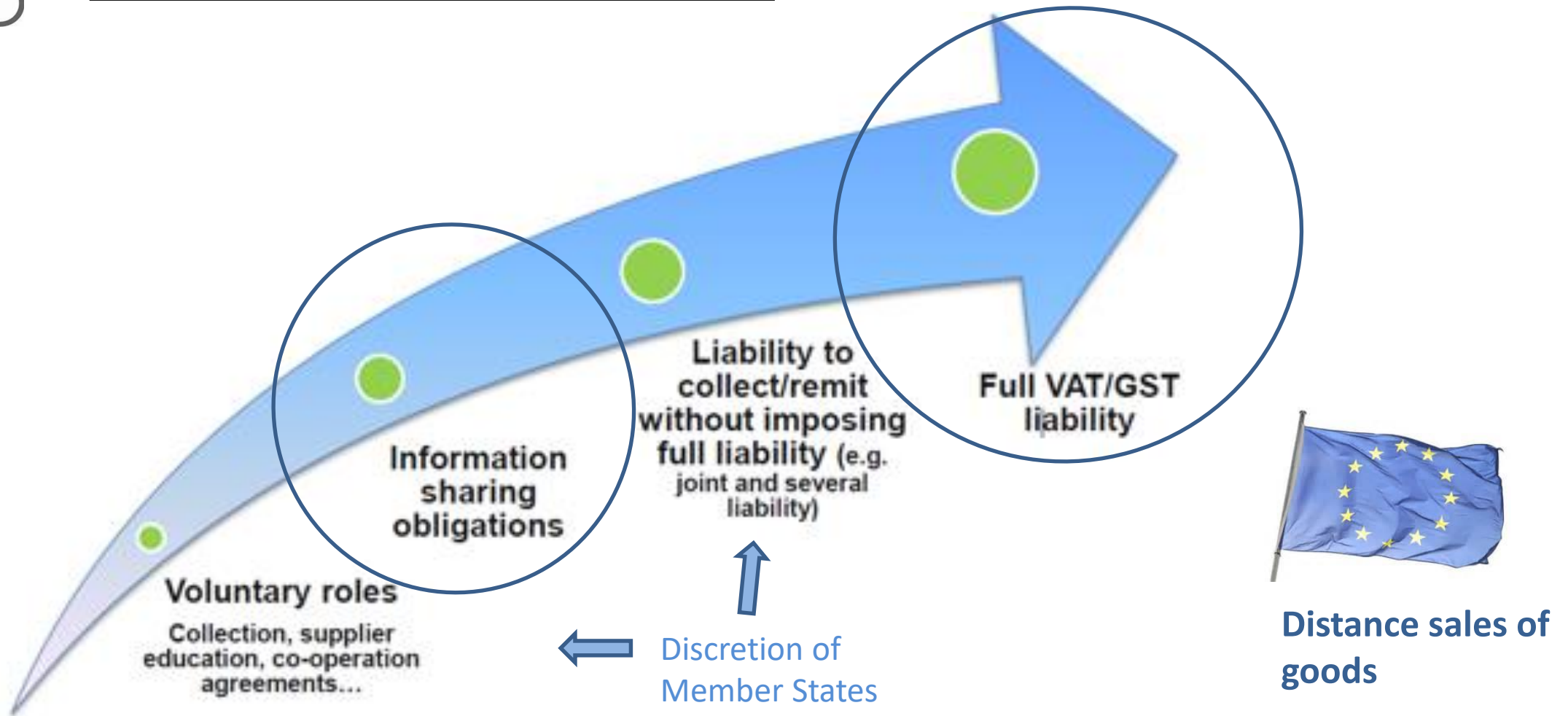
EU e-Commerce Package



- Registration, declaration, payment
 - Intra-EU
 - Extension of the One-Stop-Shop
 - Registration in one MS only; standardized rules
 - Imports
 - Creation of Import-One-Stop-Shop (IOSS)
 - Simplification for post, express carriers, etc.




Report: Role of digital platforms in the collection of VAT/GST on online sales





EU e-Commerce Package



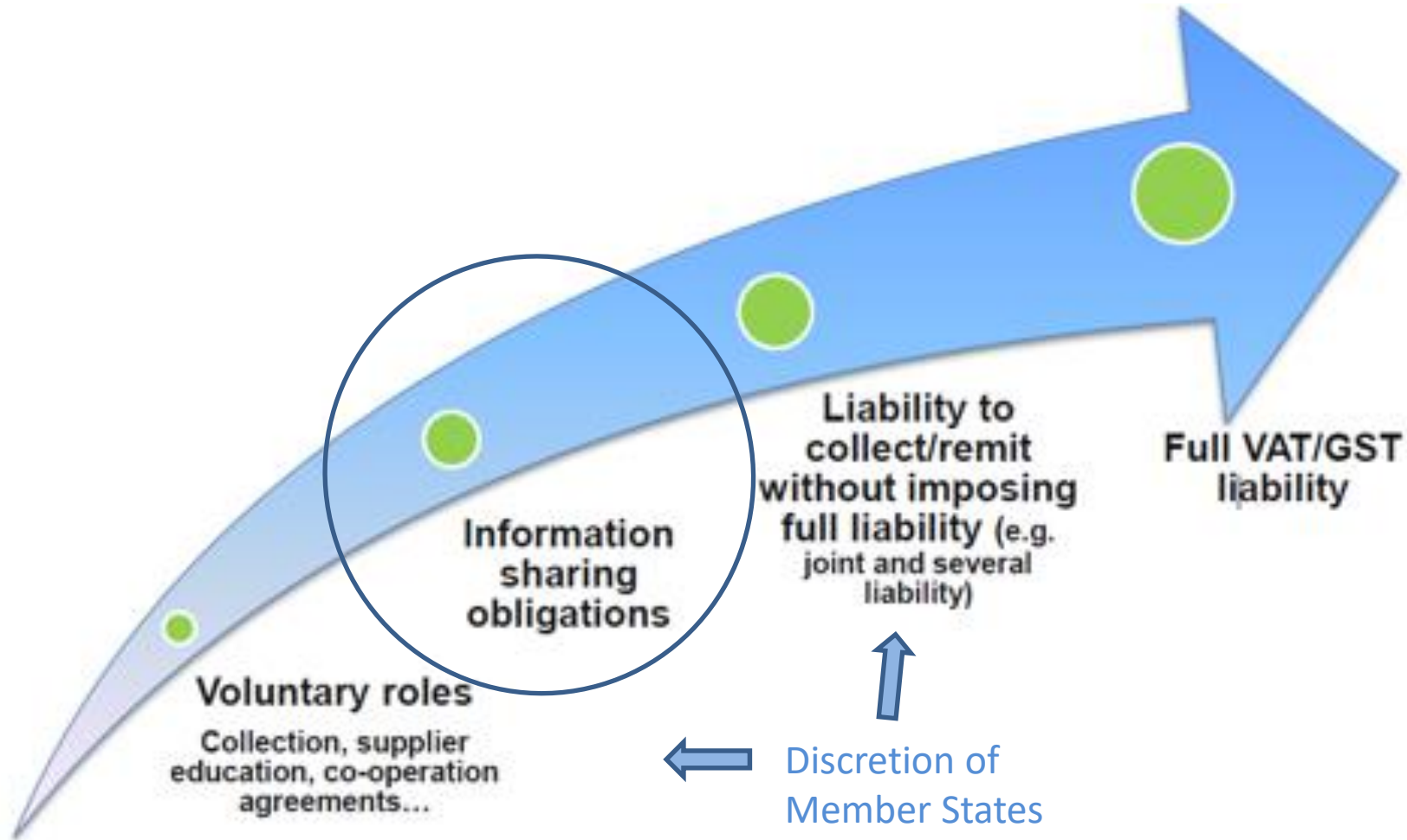
- Platforms (start: 1 July 2021)
 - Deemed supplier if
 - distance sales from third countries
 - distance sales within EU by non-EU established
 - otherwise
 - Record keeping obligations (Art. 242a VAT-D)
 - Information about underlying suppliers and their supplies
-  – Austria: Record keeping and automatic transmission (bigger platforms) of aggregated data already 2020



Sharing economy

- Sharing economy separate work stream
 - specific characteristics, e.g.
 - underlying suppliers will generally have a presence in the taxing jurisdiction
 - large number of micro or small entrepreneurs, many of whom are not considered as taxpayers under current VAT/GST rules
- **Model Rules for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy**

Sharing economy - Platforms



Art. 242a VD + current DAC 7 proposal




Sharing economy - Platforms

- E-Commerce package (future Art. 242a VAT-D + Arts. 54b and 54c VAT-IR)
 - Start: 1 July 2021
 - Record keeping obligations
 - identification of suppliers
 - information on supplies
 - No distinction between sharing and other platform economy
- DAC 7 Proposal
 - to amend Directive 2011/16/EU on administrative cooperation change, COM(2020) 314 final



Sharing economy - Platforms

- Started: 1 January 2020
- Record keeping obligations \cong future 
 - identification of suppliers
 - information on supplies
- Automatic yearly reporting
 - small platforms only on demand
- Joint and several liability
 - if they fail to fulfill reporting obligations
 - if underlying seller is obviously not complying with VAT obligations
 - exceeds threshold but does not provide VAT-ID or other proof



Accompanying measures

- Possibility for joint audits (Reg. 904/2010/EU since 2018/1541/EU)
- Payment services providers (Directive 2020/284/EU)
 - Start: 1 January 2024
 - Reporting obligations
 - cross-border payments
 - if more than 25 cross-border payments to payee per quarter year
 - to identify foreign suppliers



Future initiatives

- Commission Action Plan for fair and simple taxation, e.g.
 - Further extension of One-Stop-Shop
 - Adapt VAT framework to the platform economy
 - Administrative cooperation agreements with non-EU countries

Future challenges

