

# Taxation: Commission refers Austria to the Court for its failure to align with EU VAT rules for travel agents

The Commission decided today to refer Austria to the Court of Justice of the EU for not applying special VAT rules for travel agents correctly.

The special VAT scheme for travel agents means that VAT should be applied only on the margins made from sales of travel services to consumers. In return, however, travel agents cannot deduct VAT they pay while buying services from other businesses.

However, Austria does not correctly apply this rule, because it currently excludes travel services sold to other businesses from the scheme. Such an exclusion is not allowed under current EU rules, and can lead to a distortion of competition.

Austria also infringes on this provision (VAT Directive, [Council Directive 2006/112/EC](#)) by calculating the VAT to be paid by travel agents on an overall turnover within a tax period. EU case law (Commission vs Spain, case [C-189/11](#)) clearly states that the taxable amount must be defined for each individual sale, and not calculated on the basis of a group of sales.

## **Background**

By sending a letter of formal notice to the Austrian authorities, the European Commission formally requested Austria to amend its VAT legislation in July 2014. As Austria has not complied with the [reasoned opinion sent by the Commission in June 2018](#), the Commission decided today to bring the matter before the Court of Justice of the EU

## **For More Information**

- On the key decisions in the June 2019 infringements package, see full [MEMO/19/2772](#).
- On the general infringements procedure, see [MEMO/12/12](#).
- On the [EU infringements procedure](#).