

VAT: New details on rules for e-commerce presented, including a new role for online marketplaces in the fight against tax fraud

Today's rules lay out the steps needed to ensure that online marketplaces can play their part in the fight against tax fraud and to ease administrative burdens for businesses selling goods online.

Forming part of the [EU's broader agenda to tackle VAT fraud and to improve VAT collection on internet sales](#), the new measures presented today should help Member States to recover the €5 billion in tax revenues lost in the sector each year – a figure due to rise to €7 billion by 2020.

Pierre **Moscovici**, Commissioner for Economic and Financial Affairs, Taxation and Customs, said: *"The EU is gearing up for a brand new VAT system in 2021 to make it easier for companies to sell goods online and for Member States to recoup lost VAT revenues. Today's proposals will allow online businesses to flourish while ensuring non-compliant businesses or fraudsters cannot undercut them. For this to happen, it is crucial that online marketplaces play their part."*

A new VAT system for online sellers

Implementing rules proposed today will ensure that a brand new VAT system is ready for businesses that sell goods online once the agreed new framework comes into force in 2021. The rules introduce new building blocks for the system that will be needed for online companies to take full advantage of the EU's Single Market.

The electronic business portal for VAT or 'One-Stop Shop' put in place by these measures will allow companies that sell goods online to their customers to deal with their VAT obligations in the EU through one easy-to-use online portal in their own language.

Without the portal, VAT registration would be required in each EU Member State into which they want to sell – a situation cited by companies as one of the biggest barriers for small businesses trading cross-border. The system is already in place for e-service providers since 2015 and is working well.

Ensuring that VAT is paid when goods are sold through online marketplaces by independent sellers

From 2021, large online marketplaces will become responsible for ensuring that VAT is collected on sales of goods by non-EU companies to EU consumers taking place on their platforms. Today's proposals clarify the situations in which online platforms are considered to have facilitated a sale between

users and detail the records they must keep on sales made via their interface. Since online marketplaces will be liable for the missing VAT, authorities will be sure that they can claim the tax due when sellers from outside the EU have not complied with the rules.

In particular, the new rules will ensure that goods sold from storage facilities within the EU will have the correct amount of VAT charged, even when the goods are technically being sold to consumers by non-EU businesses. Currently, it can be difficult for Member States to obtain the VAT due on goods sold from so-called 'fulfilment centres'.

The new technical measures were developed in consultation with online platforms themselves and Member States authorities. They are complemented by VAT simplifications to ensure that marketplaces are not unduly burdened and can continue to concentrate on core-business activities.

Next steps

Today's proposed implementing rules will now be sent to Member States in the Council for agreement and to the European Parliament for consultation. The Commission calls for a quick agreement in 2019 so that businesses can look forward to a smooth transition to the broader VAT system for e-commerce in 2021.

Background

The proposed implementing regulations presented today are the detailed rules needed to ensure the smooth running of the new VAT for e-commerce by Member States agreed in December 2017 and which will come into force in January 2021.

The measures follow up on the [Commission's proposals for a deep reform of the EU VAT system](#) presented in October 2017, and the [VAT Action Plan](#) towards a single EU VAT area presented in April 2016.

The common Value Added Tax (VAT) system plays an important role in Europe's Single Market. VAT is a major and growing source of revenue in the EU, raising over €1 trillion in 2015, which corresponds to 7% of EU GDP. One of the EU's own resources is also based on VAT.

[DG TAXUD page on VAT for e-commerce including legal texts](#)

[Press release on the December 2017 deal on VAT for e-commerce](#)

[Q&A on VAT for e-commerce](#)

[Commission proposal for EU VAT reform](#)

[Action Plan on VAT – Towards a single EU VAT area](#)

[Digital Single Market strategy](#)

[Digital Single Market – Modernising VAT for cross border e-Commerce](#)