



"The voice of crafts and SMEs in Europe"

SMEs say no to Commission approach for definitive VAT system

New system will lead to higher costs and higher risks for SMEs and CTP will lead to disadvantages for smaller enterprises

Brussels, 6th March 2018 – In a position paper⁽¹⁾, UEAPME presents quite a negative assessment of the European Commission's proposal for the first steps towards a Single EU VAT system⁽²⁾. Forcing companies to apply up to 28 different VAT rates for B2B deliveries within the European Union will create unjustified additional costs and risks for SMEs. In such cases, SMEs rely on easy accessible and updated information about applicable VAT rates and should not be made responsible if such information is not correct. UEAPME also doubts whether SMEs will benefit from the suggested status of a 'Certified Taxable Person (CTP)' and asks for easy and inexpensive access to such a status. This status would allow companies to receive deliveries VAT free and SMEs will suffer from significant economic disadvantage if only larger companies can afford a CTP.

UEAPME supports the goal of the proposal to make the VAT system more robust, less open to fraud and simpler, but SMEs are not convinced that this proposal will lead to simpler rules for SMEs or will tackle overall VAT fraud. Furthermore, according to **UEAPME Secretary General Véronique Willems**, *"SMEs oppose the suggested two-step approach because it needs further specifications and clarifications to assess its impact before any irreversible decisions are taken."*

In its communication about first steps towards a Single EU VAT, the European Commission suggests to introduce that a supplier of goods has to charge VAT according to the rate of the destination country and hence has to apply up to 28 different VAT rates for the same product. In a second step, cross-border B2B suppliers of services should also include VAT. To make the current proposal even more complicated, if the receiving company has the status of a CTP, the supplier has to deliver VAT free across the border. *"Finding out the correct applicable VAT, identifying if the customer is certified and adapting its invoicing system accordingly, creates significant additional burdens and risks for SMEs"*, says Ms Willems. Even if a full functioning One-Stop-Shop system is available, which allows to declare and to pay the VAT to the home country tax authorities, the SME owner will be faced with additional burdens.

UEAPME also fears that only larger companies will be able to apply for and to profit from being a CTP, which allows a company to receive its deliveries free of VAT and increases the cash flow of the company. Therefore, Ms Willems requests *"a certification system, which gives all regular micro and small enterprises a simple and inexpensive access to the status of CTP, if the Commission wants to continue with this approach."*

Finally, Ms Willems commented on the four "Quick Fixes" included in the Commission package by saying *"that SMEs would support the proposed simplifications for cross border deliveries, if they become applicable for all taxable persons and not only for the certified."*

(1) http://www.ueapme.com/IMG/pdf/UEAPME_position_on_the_first_steps_towards_a_Single_EU_VAT.pdf

(2) COM (2017) 566

**** END ****

EDITORS' NOTES: UEAPME is the employers' organisation representing Crafts and SMEs from the EU and accession countries at European level. UEAPME has 64 member organisations covering about 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information please visit <http://www.ueapme.com/> or follow [@UEAPME](https://twitter.com/UEAPME) on Twitter.

FOR FURTHER INFORMATION PLEASE CONTACT:

Gerhard Huemer, Director, Tel. +32 2 230 75 99, Email: g.huemer@ueapme.com

Jenny Manin, Press and Communications Officer, Tel. +32 496 52 03 29, Email: pressoffice@ueapme.com