

Position Paper

UEAPME's¹ comments on the VAT for e-commerce package

Executive Summary

- UEAPME welcomes the proposals of the European Commission to modernise the VAT regime for e-commerce (e-VAT package).
- UEAPME asks the ECOFIN Council to find an agreement on these proposals as soon as possible
- UEAPME insists that all relevant information can be accessed via an electronic portal and SMEs should not be made responsible, if they apply rules provided by such portals, even if they are not up-to-date or incorrect.
- UEAPME fully supports the idea to streamline audits by introducing home country audits and to remove VAT exemption for the import of small consignments from suppliers in third countries.

I. General comments

UEAPME welcomes the proposals of the European Commission to modernise the VAT regime for e-commerce (e-VAT package) as a fair balance between measures avoiding VAT fraud and simplification measures for business, especially for the smallest companies. The Commission proposals are to a large extent in line with UEAPME's [expectations](#) formulated in our comments on the VAT Action Plan published in October 2016.

Realising the changes proposed by the European Commission would significantly simplify VAT compliance for SMEs active in e-commerce and would ensure a level playing field for SMEs compared to large multinationals and to competitors from outside the European Union. For smaller companies in the e-commerce business the most important elements of the e-VAT package are:

- the extension of the Mini-One-Stop-Shop to online sale of goods;
- the application of domestic rules to companies selling less the 10.000 Euro cross-border online selling;
- the simplified rules for the identification of customers, if the cross border online sell is below 100.000 Euro;
- the removing of VAT exemption for the importation of small consignments from third country suppliers;
- the introduction of home country audits in the framework of the One-Stop-Shop.

¹ UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](#).

Therefore, UEAPME asks the ECOFIN Council to find an agreement on these proposals as soon as possible to ensure a timely implementation of the proposed measures in order to establish a VAT regime of e-commerce which is better proved against fraud, increased the compliance with VAT requirements and becomes significantly less burdensome for smaller companies active in e-commerce.

At the same time, UEAPME asks the European Parliament, the European Economic and Social Committee and the Committee of the Regions to support the proposals of the European Commission in their reports on the e-VAT package.

II. Specific comments on selected provisions from an SME point of view

In this chapter UEAPME provides concerns, considerations and proposals on some technical aspects of the proposal, which are relevant for SMEs:

1) Extending the *One Stop Shop* to all cross-border e-commerce, including distance sales

Legislators have to be aware that The OSS concept will only be efficient, if SMEs have easy access to up-dated information about the VAT rules applicable in different Member States. In this regard it is important that SMEs have legal certainty about the rules they have to apply.

Therefore, UEAPME will insist that all relevant information can be accessed via an electronic portal, which is easy to be used, which is free of costs and which provides up-dated information on VAT rules in other Member States. Finally, SMEs should not be made responsible, if they apply rules provided by such portals, even if they are not up-to-date or incorrect.

2) Simplification measures for start-ups and micro enterprise

UEAPME fully supports the introduction of a threshold for applying domestic rules, but asks the legislators to consider a higher threshold than the proposed 10.000 Euro. In this context it is also of importance that all companies, not only start-ups, are covered by this exemption (Art. 58, Council Directive 2006/112/EC). Furthermore, UEAPME welcomes that small companies have the possibility to opt-out from this exemption, if they want to apply the OSS.

UEAPME also agrees with the 100.000 Euro threshold for a simplified proof of the origin of the customer, but asks to ensure that the simplified proof ensures legal certainty, if applied correctly.

Therefore, UEAPME asks to keep both exemptions throughout the legislative process, because both measures are crucial to avoid unnecessary burden for the smallest enterprises active in cross border online and distance selling.

Finally, UEAPME fully supports the idea to streamline audits by introducing home country audits and to remove VAT exemption for the import of small consignments from suppliers in third countries.

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