

Value added tax VAT: one-stop scheme to simplify tax obligations

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The European Parliament adopted the report tabled by BECSEY (EPP/ED, HU) which supports two Commission proposals aimed at reviewing strategy regarding VAT. The first proposal concerns a proposal for a Council Directive amending Directive 77/388/EEC with view to simplifying value added tax obligations and confirms the vital principle of destination that neutralises differences concerning domestic VAT rates in cross-border business transactions. It contains five measures for a less burdensome common VAT system, aiming for a better VAT compliance within the EU.

The second relates to a Regulation amending Regulation (EC) No 1798/2003 as regards the introduction of the administrative cooperation arrangements in the context of the one-stop shop scheme and refund procedure for value added tax. It makes it possible for taxable persons to have a single point of contact for VAT compliance in their Member State of identification, by building a system of exchange of information between tax administrations.

The Parliament suggests several improvements, in particular, in terms of the simplification of administrative tax rules:

- improvement of cooperation between the Member States' tax authorities;
- setting of a meaningful deadline for registration for VAT so as to facilitate transparency and reduce the administrative burden on the businesses concerned;
- obligation to keep VAT documents and reports in the country in which the trader is established;
- possibility to submit the declaration by electronic means within the 40 days (instead of 20) that follow the expiry of the period that it covers;
- clarification of the VAT reimbursement system;
- clarification of the location of the bank account in the event of excessive payment of VAT (the tax payer is not obliged to have an account in the Member State of destination);
- the introduction of a minimum threshold of EUR 50,000 for VAT exemption, but only for the first three years of the operations of an SME.