

# Procedure file

Basic information	
CNS - Consultation procedure Directive	1998/0312(CNS)
Value added tax VAT: determination of the person liable for payment (amend. direct. 77/388/EEC)	Procedure completed
Subject 2.70.02 Indirect taxation, VAT, excise duties	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy	PSE <a href="#">HARRISON Lyndon H.A.</a>	20/01/1999
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2297</a>	17/10/2000

Key events			
27/11/1998	Legislative proposal published	COM(1998)0660	Summary
11/01/1999	Committee referral announced in Parliament		
30/03/1999	Vote in committee		
30/03/1999	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0174/1999</a>	
12/04/1999	Debate in Parliament		
13/04/1999	Decision by Parliament	T4-0252/1999	Summary
17/10/2000	Act adopted by Council after consultation of Parliament		
17/10/2000	End of procedure in Parliament		
21/10/2000	Final act published in Official Journal		

Technical information	
Procedure reference	1998/0312(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive

Legal basis	EC Treaty (after Amsterdam) EC 093
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/10684

### Documentation gateway

Legislative proposal	<a href="#">COM(1998)0660 OJ C 409 30.12.1998, p. 0010</a>	27/11/1998	EC	Summary
Economic and Social Committee: opinion, report	<a href="#">CES0193/1999 OJ C 116 28.04.1999, p. 0014</a>	24/02/1999	ESC	
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0174/1999 OJ C 219 30.07.1999, p. 0007</a>	30/03/1999	EP	
Text adopted by Parliament, 1st reading/single reading	<a href="#">T4-0252/1999 OJ C 219 30.07.1999, p. 0024-0091</a>	13/04/1999	EP	Summary

### Additional information

European Commission	<a href="#">EUR-Lex</a>
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### Final act

<a href="#">Directive 2000/65 OJ L 269 21.10.2000, p. 0044</a> Summary
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## Value added tax VAT: determination of the person liable for payment (amend. direct. 77/388/EEC)

**PURPOSE:** to amend Directive 77/388/EEC as regards the determination of the person liable for payment of value added tax with a view to simplifying tax obligations for traders engaged in intra-Community economic activities in several Member States. **CONTENT:** this proposal forms part of the exercise of simplifying and modernising the common system of VAT (SLIM) now being undertaken by the Commission, which should pave the way for the introduction of a new common system of VAT based on the principle of a single place of taxation. In order to allay traders' concerns, expressed during the SLIM exercise, while continuing to observe the principle of fractioned payments which is one of the cornerstones of the common system of VAT, the present proposal for a directive supports the idea that there should be only one person liable for payment per type of transaction, irrespective of the Member State in which that transaction was carried out. It is stated as a general principle that the taxable person who carries out the taxable transaction must be the person liable for payment of the tax, whether or not that taxable person is established within the territory of the country. The fact that the recipient of the goods or the purchaser of the service can no longer be designated as the person liable for payment of the tax meets the concern that the "reverse charge" system, which runs counter to the principle of fractioned payments, should not be developed. The person for whom a triangular transaction is destined (Article 28c(E)(3)), the customer for a service (Article 9(2)(e)) and the customer, identified for tax purposes within the territory of the country (Article 28b(C), (D), (E) and (F)) nevertheless remain persons liable for payment of the tax. These are exceptions, limited to the definition of the taxable person as the person liable for payment of the tax, which are obligatory for the Member States. Member States also still have the option of designating a person other than the person liable for payment of the tax as jointly and severally liable for payment of the tax. The only change is a statement to the effect that this option must not give rise to provisions which create a disadvantage specifically for non-established taxable persons. The principle that the non-established taxable person must be the person liable for payment of the tax will clearly not prevent him (or the established taxable person) from appointing an agent responsible for complying with obligations laid down by the 6th Directive in his place if he is unable to do so himself because of linguistic, administrative or organisational barriers. For the sake of transparency, he must inform the administration of the agent's name and the taxable person is responsible for the agent's actions vis-à-vis the administration. It should also be pointed out that the Member State retains the option to designate a tax representative as the person liable for payment of the tax in place of the non-established taxable person.?

## Value added tax VAT: determination of the person liable for payment (amend. direct. 77/388/EEC)

Under consultation procedure, the European Parliament adopted the legislative resolution by Lyndon H.A. Harrison (PSE,UK), which approves the Commission's proposal for a Council directive amending Directive 77/388/EEC as regards the determination of the person liable for payment of value added tax, subject to amendments in the following areas: - requiring that those Member States who use the reverse charge system (designation of the recipient as the person liable for payment of the tax) be allowed to continue to do so; - stressing that this proposal should be considered as a temporary measure before the introduction of the definitive VAT system; - advocating further limited exemptions to avoid the considerable administrative burden involved in the compulsory registration of numerous SMEs; - noting that the VAT problems faced by NGOs have yet to be resolved; - suggesting that non-established enterprises should not be obliged by Member States to provide a bank

guarantee to be physically lodged in a bank of another Member State where the contract is made and enacted; - requiring that tax liability may only be transferred to the recipient of goods installed when the supplier established abroad does not claim, in the normal assessment procedure laid out in the directive, that tax was prepaid in the country in which the goods were installed; - requiring the Commission to communicate to the European Parliament and the Council before 01/01/2000 a strategy and timetable for all forthcoming proposals in the field of value added tax, and to review this strategy (as well as the effectiveness of the current proposal in reducing the administrative burden on business) and communicate it to the Council and the European Parliament every year until the introduction of the definitive system.?

## Value added tax VAT: determination of the person liable for payment (amend. direct. 77/388/EEC)

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**PURPOSE :** to amend the Sixth VAT Directive concerning the determination of the person liable for payment of Value Added Tax.

**COMMUNITY MEASURE :** Council Directive 2000/65/EC amending Directive 77/388/EEC as regards the determination of the person liable for payment of value added tax. **CONTENT :** this Directive aims to annul from the 1 January 2002, the obligation made to European operators by the VAT system to appoint a tax representative for non-established taxable persons. This Directive constitutes the first major simplification as laid out in the SLIM (Simpler Legislation for the Internal Market) framework exercise. It also constitutes the first concrete results of the new VAT strategy proposed by the Commission in June 2000. The Directive provides in particular that: - the appointment of a tax representative or tax agent or mandatory can no longer be requested by the Member States or the European operators who effect taxable services in another Member State, but nevertheless an option is offered to these operators; - Member States maintain the possibility to provide that the purchaser of the service is liable for the payment of VAT ("reverse charge" system) in the framework of relations between established taxable persons; - concerning non-established taxable persons, third country nationals with which there does not exist any other legal instrument organising mutual assistance similar to the one provided for within the Community, the Member States could continue to impose the designation of a tax representative liable for tax in place of the non-established subject or mandatory. **ENTRY INTO FORCE :** 21/10/2000. **DEADLINE FIXED FOR THE TRANSPOSITION :** 31/12/2001.?