

# Procedure file

| Basic information  |                                       |
|--|---------------------------------------|
| CNS - Consultation procedure<br>Directive  | 2020/0082(CNS)<br>Procedure completed |
| VAT e-commerce package ? distance sales of goods and services:<br>postponement of the date of application due to the outbreak of the<br>COVID-19 crisis<br><br>Amending Directive 2017/2455 <a href="#">2016/0370(CNS)</a><br>Amending Directive 2019/1995 <a href="#">2018/0415(CNS)</a><br><br>Subject<br>2.10 Free movement of goods<br>2.40 Free movement of services, freedom to provide<br>2.70.02 Indirect taxation, VAT, excise duties<br>3.45.05 Business policy, e-commerce, after-sales service, commercial<br>distribution<br>4.20 Public health<br>4.20.01 Medicine, diseases<br><br>Legislative priorities<br><a href="#">The EU's response to the Covid-19 pandemic</a> |                                       |

| Key players                   |   |  |            |
|-------------------------------|---|--|------------|
| European Parliament           | Committee responsible   | Rapporteur   | Appointed  |
|                               |  <a href="#">Economic and Monetary Affairs</a> |  <a href="#">KOVAŘÍK Ondřej</a>      | 28/05/2020 |
|                               |   | Shadow rapporteur  |            |
|                               |   |  <a href="#">DOLESCHAL Christian</a> |            |
|                               |   |  <a href="#">SANT Alfred</a>         |            |
|                               |   |  <a href="#">PETER-HANSEN Kira</a>   |            |
|                               |   |  <a href="#">JURZYCA Eugen</a>       |            |
| Council of the European Union |   |  |            |

| Key events |  |                               |         |
|------------|--|-------------------------------|---------|
| 08/05/2020 | Legislative proposal published             | <a href="#">COM(2020)0198</a> | Summary |
| 27/05/2020 | Committee referral announced in Parliament |                               |         |
| 23/06/2020 | Vote in committee                          |                               |         |

|            |   |   |         |
|------------|---|---|---------|
| 24/06/2020 | Committee report tabled for plenary, 1st reading/single reading | <a href="#">A9-0122/2020</a>  |         |
| 09/07/2020 | Results of vote in Parliament                                   |  |         |
| 10/07/2020 | Decision by Parliament  | <a href="#">T9-0189/2020</a>  | Summary |
| 20/07/2020 | Act adopted by Council after consultation of Parliament         |   |         |
| 29/07/2020 | Final act published in Official Journal                         |   |         |

| Technical information      |  |
|----------------------------|--|
| Procedure reference        | 2020/0082(CNS)   |
| Procedure type             | CNS - Consultation procedure   |
| Procedure subtype          | Legislation  |
| Legislative instrument     | Directive  |
|                            | Amending Directive 2017/2455 <a href="#">2016/0370(CNS)</a><br>Amending Directive 2019/1995 <a href="#">2018/0415(CNS)</a> |
| Legal basis                | Treaty on the Functioning of the EU TFEU 113   |
| Other legal basis          | Rules of Procedure EP 159  |
| Stage reached in procedure | Procedure completed  |
| Committee dossier          | ECON/9/02991   |

| Documentation gateway   |  |                               |            |     |         |
|---|--|-------------------------------|------------|-----|---------|
| Legislative proposal  |  | <a href="#">COM(2020)0198</a> | 08/05/2020 | EC  | Summary |
| Committee draft report  |  | <a href="#">PE652.577</a>     | 09/06/2020 | EP  |         |
| Economic and Social Committee: opinion, report                  |  | <a href="#">CES2336/2020</a>  | 10/06/2020 | ESC |         |
| Committee report tabled for plenary, 1st reading/single reading |  | <a href="#">A9-0122/2020</a>  | 24/06/2020 | EP  |         |
| Text adopted by Parliament, 1st reading/single reading          |  | <a href="#">T9-0189/2020</a>  | 10/07/2020 | EP  | Summary |
| Commission response to text adopted in plenary                  |  | <a href="#">SP(2020)367</a>   | 07/08/2020 | EC  |         |

| Final act  |
|--|
| <a href="#">Decision 2020/1109</a><br><a href="#">OJ L 244 29.07.2020, p. 0003</a> |

## VAT e-commerce package ? distance sales of goods and services: postponement of the date of application due to the outbreak of the COVID-19 crisis

**PURPOSE:** to postpone the date of application of the already adopted legal framework of the VAT e-commerce package due to the crisis linked to the COVID-19 pandemic.

**PROPOSED ACT:** Council Decision.

**ROLE OF THE EUROPEAN PARLIAMENT:** the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

**BACKGROUND:** Council Directive 2006/112/EC as amended by [Council Directive \(EU\) 2017/2455](#) and [Council Directive \(EU\) 2019/1995](#) lays

down the legal framework of the legislative package on the modernisation of value added tax (VAT) for cross-border business-to-consumer (B2C) e-commerce. The majority of the new provisions are to be applied as from 1 January 2021, in order to give member states sufficient time to adapt their legislation and IT systems.

This proposal is made as a consequence of and reaction to the outbreak of the COVID-19 crisis, which confronts Member States with challenges at national level to tackle the current emergency situation and which causes some of them difficulties in guaranteeing a timely implementation of the required changes in their domestic IT systems.

Similar concerns were raised by key economic operators, especially postal and courier operators, who urged the Commission to postpone the date of application of the VAT e-commerce package by six months due to the COVID-19 crisis.

CONTENT: the proposal consists of a six-month postponement of the date of application, set for 1 January 2021, of the amendments provided for in Council Directive (EU) 2017/2455 and Council Directive (EU) 2019/1995. The proposed new date of application is therefore 1 July 2021. This means that the rules shall apply from 1 July 2021 instead of 1 January 2021. Therefore, Member States would have to adopt and publish their transposition measures by 30 June 2021 instead of 31 December 2020.

A postponement of six months is suggested, because the delay should be kept as short as possible to minimise additional budgetary losses for Member States.

#### Budgetary impact

It is estimated that Member States shall suffer budgetary losses of around EUR 5-7 billion per year if the VAT e-commerce package is not successfully implemented. A delay of six months would therefore lead to losses of around EUR 2.5 to 3.5 billion.

However, the Commission notes that if Member States and businesses are not ready to apply the new VAT e-commerce rules, the risk of the system not working properly could entail almost the same losses.

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The European Parliament adopted by 485 votes to 162, with 43 abstentions, under a special legislative consultation procedure, a legislative resolution on the proposal for a Council regulation amending Directives (EU) 2017/2455 and (EU) 2019/1995 as regards the dates of transposition and application due to the outbreak of the COVID-19 crisis.

Parliament approved the Commission proposal subject to amendments.

While the Commission proposes a 6-month postponement (from 1 January 2021 to 1 July 2021) of the date of application of the VAT package on e-commerce, Parliament proposed that the possibility to postpone be limited to 3 months, i.e. until 1 April 2021, which corresponds to the period of lockdown in most Member States.

Parliament made it clear that postponing beyond 3 months would increase the risk of VAT fraud at a time when public finances should be replenished in order to fight the pandemic and its economic and social consequences.

In light of the crisis caused by the COVID-19 outbreak, Members stressed the importance of avoiding further losses of revenue, pointing out that a longer delay of six months could lead to a loss of revenue of between EUR 2.5 billion and EUR 3.5 billion for Member States.

The resolution stressed that, although it creates genuine difficulties for national administrations, the COVID-19 outbreak should not be used as an excuse to further delay the implementation of commonly agreed rules.

Parliament recalled that the e-commerce packages goals of facilitating the global competitiveness of European SMEs, easing the administrative pressure on Union sellers and ensuring that online platforms contribute to a fairer VAT collection system while combating tax fraud are key aspects of a level playing field for all businesses, which is particularly important in the context of the post-COVID-19 recovery.