


Procedure file

Basic information	
CNS - Consultation procedure Regulation	2020/0084(CNS) Procedure completed
Value added tax (VAT) - administrative cooperation and combating fraud: postponement of the date of application due to the outbreak of the COVID-19 crisis Amending Regulation 2017/2454 2016/0371(CNS)	
Subject 2.70.02 Indirect taxation, VAT, excise duties 2.80 Cooperation between administrations 4.20 Public health 4.20.01 Medicine, diseases 8.70.04 Protecting financial interests of the EU against fraud	
Legislative priorities The EU's response to the Covid-19 pandemic	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Economic and Monetary Affairs	 NIEDERMAYER Luděk	28/05/2020
		Shadow rapporteur	
		 SANT Alfred	
		 KOVAŘÍK Ondřej	
		 PETER-HANSEN Kira	
		Marie	
		 JURZYCA Eugen	
		 GUSMÃO José	
Council of the European Union			

Key events			
08/05/2020	Legislative proposal published	COM(2020)0201	Summary
27/05/2020	Committee referral announced in Parliament, 1st reading/single reading		
23/06/2020	Vote in committee, 1st reading/single reading		
24/06/2020	Committee report tabled for plenary, 1st reading/single reading	A9-0123/2020	
08/07/2020	Results of vote in Parliament		
08/07/2020	Decision by Parliament, 1st	T9-0181/2020	Summary

	reading/single reading		
20/07/2020	Act adopted by Council after consultation of Parliament		
29/07/2020	Final act published in Official Journal		

Technical information

Procedure reference	2020/0084(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation 2017/2454 2016/0371(CNS)
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/9/02992

Documentation gateway

Legislative proposal	COM(2020)0201	08/05/2020	EC	Summary
Committee draft report	PE652.578	09/06/2020	EP	
Economic and Social Committee: opinion, report	CES2336/2020	10/06/2020	ESC	
Committee report tabled for plenary, 1st reading/single reading	A9-0123/2020	24/06/2020	EP	
Text adopted by Parliament, 1st reading/single reading	T9-0181/2020	08/07/2020	EP	Summary
Commission response to text adopted in plenary	SP(2020)367	07/08/2020	EC	

Final act

[Regulation 2020/1108](#)
[OJ L 244 29.07.2020, p. 0001](#)

Value added tax (VAT) - administrative cooperation and combating fraud: postponement of the date of application due to the outbreak of the COVID-19 crisis

PURPOSE: to postpone the date of application of the VAT e-commerce package on administrative cooperation and combating fraud in the field of value added tax, due to the COVID-19 pandemic.

PROPOSED ACT: Council Regulation.

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 Regulation \(EU\) 2017/2454](#) is part of the package of legislation on modernising VAT for cross-border B2C e-commerce. It amends Regulation (EU) No 904/2010 on administrative cooperation and combating fraud in the field of value added tax, which provides the basis for the underlying IT infrastructure and the necessary cooperation by Member States to ensure the success of the extension of the Mini One Stop Shop (MOSS).

However, due to the unforeseen outbreak of the COVID-19 crisis and its major impact, Member States had to shift priorities and re-allocate resources from the implementation of the VAT e-commerce package to fighting this pandemic.

As a result of the crisis caused by the COVID-19 pandemic, several Member States are experiencing difficulties in finalising the establishment

of the IT systems necessary to apply the rules laid down in Regulation (EU) 2017/2454 and in meeting the deadline of 1 January 2021 for this application. Some Member States have therefore requested a deferral of the dates of application of that Regulation.

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 6 months due to the COVID-19 crisis.

CONTENT: the proposal, presented in response to the COVID-19 pandemic, aims to postpone by six months the date of application of the amendments to the VAT e-commerce package set out in Regulation (EU) 2017/2454 and originally foreseen for 1 January 2021. The new date of application should therefore be 1 July 2021.

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.

The proposal does not change the substance of the rules. It goes hand in hand with the [proposal](#) to postpone the 1 January 2021 date of application of the VAT e-commerce package, including thus all the legal acts affected.

Budgetary implications

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 494 votes to 165, with 35 abstentions, under a special legislative consultation procedure, a legislative resolution on the proposal for a Council regulation amending Regulation (EU) 2017/2454 as regards the dates of 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.

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.