







Procedure file

Basic information	
CNS - Consultation procedure Directive	2020/0082(CNS) Procedure completed
<p>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</p> <p>Amending Directive 2017/2455 2016/0370(CNS) Amending Directive 2019/1995 2018/0415(CNS)</p> <p>Subject</p> <p>2.10 Free movement of goods 2.40 Free movement of services, freedom to provide 2.70.02 Indirect taxation, VAT, excise duties 3.45.05 Business policy, e-commerce, after-sales service, commercial distribution 4.20 Public health 4.20.01 Medicine, diseases</p> <p>Legislative priorities The EU's response to the Covid-19 pandemic</p>	

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

Key events			
08/05/2020	Legislative proposal published	COM(2020)0198	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	A9-0122/2020	
09/07/2020	Results of vote in Parliament		
10/07/2020	Decision by Parliament	T9-0189/2020	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 2016/0370(CNS) Amending Directive 2019/1995 2018/0415(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/9/02991

Documentation gateway					
Legislative proposal		COM(2020)0198	08/05/2020	EC	Summary
Committee draft report		PE652.577	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		A9-0122/2020	24/06/2020	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0189/2020	10/07/2020	EP	Summary
Commission response to text adopted in plenary		SP(2020)367	07/08/2020	EC	

Final act
Decision 2020/1109 OJ L 244 29.07.2020, p. 0003

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.

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

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.