Common system of value added tax: special scheme for small enterprises

2018/0006(CNS) - 16/07/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, following Parliament's consultation procedure, the report by Tom VANDENKENDELAERE (EPP, BE) on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises.

The committee recommends that the European Parliament approve the Commission proposal subject to the following amendments:

VAT exemption threshold: the proposal provides for a transitional period for small businesses benefiting from the exemption whose turnover exceeds the franchise threshold in a given year. Members propose that these enterprises should be allowed to continue to benefit from the exemption for two more years (instead of one year), provided that their annual turnover does not exceed the SME threshold by more than 33% during these two years (instead of 50% in the proposal).

In order to facilitate cross-border business, the list of national thresholds for exemption should be easily accessible to all small enterprises willing to operate in several Member States.

Administrative simplification for SMEs: Members propose that the Commission:

- set up an online portal through which small enterprises willing to avail themselves of the exemption in another Member State shall register;
- put in place a one-stop shop through which small enterprises can file VAT returns of the different Member States in which they are operating. The Member State of establishment shall be responsible for VAT collection.

Annual VAT return: Member States shall release exempt small enterprises from the obligation to submit a VAT return or they shall allow such exempt small enterprises to submit a simplified VAT return which includes at least the following information: chargeable VAT, deductible VAT, net VAT amount (payable or receivable), total value of input transactions and total value of output transactions to cover the period of a calendar year.

Lastly, Members consider that VAT simplification measures for SMEs could be implemented more quickly than the definitive VAT system. They propose to bring forward the date of implementation of the proposal to 31 December 2019 (instead of 30 June 2022).