

VAT in Europe, being paperless becomes legal



The Directives published within the last few months and those being shaped have allowed the Commission to gradually unveil its VAT strategy for the coming years.

As a reminder, after the new VAT refund claims procedure (Directive 2008/9/CE) which is to be implemented in less than a year and concurrently with setting up the VAT package (Directive 2008/8/CE : common rules for the enforcement of VAT on supplies of services), the anti-fraud Directive (2008/117/CE) was published in the Official Journal of the European Union on 20 January 2009 and recently followed by an amendment proposal of the invoicing rules in the EU.

The road taken clearly leads towards dematerialization and self-assessment :

– **Deposit of the refund applications on the site of the applicant's country of establishment for expenses incurred in other countries of the EU.**

(Text of the Directive 2008/9/CE) Article 7 – To obtain a refund of VAT in the Member State of refund, the taxable person not established in the Member State of refund shall address an electronic refund application to that Member State and submit it to the Member State in which he is established via the electronic portal set up by that Member State.

– **Generalization of the self-assessment for the services rendered between two VAT-liable entities established into two different Member States.**

(Text of the Directive 2008/8/CE) Where a taxable person receives services from a person not established in the same Member State, the reverse charge mechanism should be obligatory.

– **Common thresholds for Intrastat returns filed monthly and by electronic means.**

(Text of the Directive 2008/117/CE) The option provided for (to file on a quarterly basis) [...] shall cease to be applicable after the end of the month during which the total value, excluding VAT, of the supplies of goods [...] exceeds, in respect of the current quarter, the sum of EUR 50 000 or its equivalent in national currency.

– **Ending the main hindrances to electronic invoicing.**

(Text of the proposal for a Directive) This proposal aims to eliminate the barriers to e-invoicing in the VAT

Directive by removing the differences between invoices sent by electronic means and those sent on paper.

The requirements which apply to e-invoicing as regards to advanced signatures and EDI (Electronic Data Interchange) would then be abolished.

The benefits for the operators and the Member States are obvious: returns and potential payments, once dematerialized, will ease and fluidify information transmission ... and audits.

In its preliminary considerations, the anti-fraud Directive (2008/117/CE) observes one of the causes of fraud is «the time that elapses between a transaction and the corresponding exchange of information under the VAT information exchange system...».

What will prevent defrauders from adjusting to those new paces ?

To comply with European fashion, the **eurotax** VAT Passport to Europe is only available on electronic format.

Send an email at information@eurotax.fr to receive your copy.

The proposal for a Directive on invoicing would imply that all the measures which guarantee the agreement of the parties be lifted, would cancel the secure format of data and would grant to the electronic format the same value as the original paper format.

Paperless invoicing will then find its way to each company. Will it leave the door open to computer fraud wizards? Eventually, the Directive on the VAT refund in a country where a taxable person is not established (2008/9/CE) lays down explicitly in its article 20 that, if any doubt about the accuracy or validity, the country in which the VAT refund has been submitted may require «the original or a copy of the relevant invoice»: an electronic original or the electronic copy of an original?

Even if those different measures are directed to the end of a greater liability of economic operators (joint liability between a client and his supplier from different countries of the EU), even if the Commission's efforts are worthy of praise to try and :

- Allow large cost savings for businesses ;
- Harmonize the rules of the Member States ;
- Speed up information transmission (and thus combat fraud more effectively).

Still, one will have to keep waiting until 2010, 2011, 2015 and even 2019 to see those measures being enforced.

And much longer to feel their effects...

In addition, a common position in this respect has proved once more difficult to be accepted unanimously by Member States since at national level (outside the European Directives then), some states increase or consider increasing the VAT registration thresholds of micro-businesses to stimulate their self employed businessmen. Those threshold increases will then close off the access to intra-EU exchanges for such businesses : their acquisitions will be subject to the VAT of the supplier's country without any possible deduction or their supplier policy will be directed towards countries with the lowest VAT rates.

What of the responsibility of states at European level then ?

More than his papers, the single European market may lose his identity. Unless suppliers are obliged to register in one or several countries where they are not established as they have failed to keep within the distance sales threshold ? This would result in creating less constraints for the buyers and more for the sellers.

Would the European market rob Peter to pay Paul ? Funny policy to handle paperless issues.

Manuel Guët
European Network Manager
eurotax

VAT Passport update

United-Kingdom 

<ul style="list-style-type: none"> ■ Adhesion : 1973 ■ Country code : UK ■ Currency : GBP (1 euro = 0,7933 GBP) ■ Average payment term : 52 days ■ Territories with special status : Isle of Man, Gibraltar, Channel Islands. 	<p>VAT</p> <ul style="list-style-type: none"> ■ VAT name : VAT ■ Normal rate : 15% ■ Reduced rate : 5% ■ Super reduced rate : — ■ Distance sales threshold : 70 000 GBP ■ VAT refund minimum : <ul style="list-style-type: none"> Quarterly : 130 GBP Yearly : 16 GBP
--	---

Intrastat reporting :

- Threshold for arrivals : 270 000 GBP
- Threshold for despatch : 270 000 GBP
- VAT identification : SI + 8 numerical digits

Do not hesitate to ask for your copy.



Fiscal Agent in Europe

Some questions to Mr. Victor Salamanca Cuevas, member of the eurotax network in Spain.

- *What is the necessary timeframe to obtain the VAT number in Spain (once all documents are provided) ?*
- *Is it possible to be temporarily registered ?*
- *I am VAT identified in Spain and following a visit by the Spanish administration, I have been assessed for underpaid VAT and interest. I do not agree with the assessment. How do I dispute it ?*

Find out all the answers on our website : www.eurotax.fr
in the menu **Info & Docs**, rubrique **FAQ**