



## VAT alert Belgium

### European Commission announces its Digital Single Market Strategy

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The European Commission announced on 6 May 2015 its [strategy for the EU Digital Single Market](#). The completion of the Digital Single Market is one of the ten political priorities of the Juncker Commission. The strategy contains an important chapter on VAT, where the changes announced would bring simplicity, a level playing field and certainty for businesses.

#### One single electronic registration and payment mechanism for B2C supplies

Among other things, [the Commission's "communication"](#) and [its "staff working document"](#) contemplate an extension of the currently applicable single electronic registration and payment mechanism for businesses supplying certain services to consumers in EU Member States. This system allows these businesses to account for their supplies to European consumers through an electronic portal in their "home" country or in their EU Member State of choice when they are non-EU businesses (*i.e.* the MOSS system).

Today, this system only allows reporting telecom, broadcasting and electronic services. The extension would encompass all cross border (intra-EU and third country) online sales of tangible goods to private consumers, as well as all cross-border B2C services. This proposal is in line with the recommendations of the Commission Expert Group on Taxation of the Digital Economy.

#### Proposals to adapt VAT legislation to the digital evolution

Additionally, the European Commission intends to ensure a single market which is duly adapted to the digital evolution. The proposals put forward by the Commission include introducing a new common EU-wide simplification measure (a VAT threshold) to help small start-up e-commerce businesses (replacing the current distance selling thresholds), allowing for home country controls including a single audit of cross border businesses for VAT purposes, and removing the VAT exemption for the importation of small consignments from suppliers in third countries.

The strategy also proposes to look into the cost of cross-border deliveries and intends to remove any barriers which currently prevent businesses from undertaking cross-border trading, and a range of other "non-tax" issues that it considers may be obstacles to cross-border trading.

Although some of the proposals contained in the Commission's publications may be relatively uncontroversial, others could prove to be contentious and gaining approval from all 28 Member States for the ideas outlined in the Commission's papers may be difficult and time consuming. An important step in preparing these proposals will therefore be the review of the current regime for

electronically supplied services and the MOSS, as well as the broader studies carried out by the European Commission in this field.

## Contacts

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