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UK Indirect Tax Conference 2015

How does the EU do VAT?

Aili Nurk

11 November 2015



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Q&A

Warm up...

SCAC

VEG

CJEU

TAXUD

COREPER II

WPTQ

EU Policy

Lifecycle of a tax change

EU VAT policy?

November 1, 2015 5:13 pm

Tax row throws spotlight on EU VAT anomalies

EU VATMOSS issues could be worse than first feared

INTERNATIONAL BUSINESS TIMES

European Court of Justice: Bitcoin is a currency and exchanges are VAT-exempt

VAT loophole worth £355m reviewed by EU

“...Negotiations have resulted in a draft compromise text that has fully denatured the substance of the Commission proposal. In particular, the latest developments have run counter to the simplification, harmonisation and substantial burden reduction objectives of the Commission proposal...”

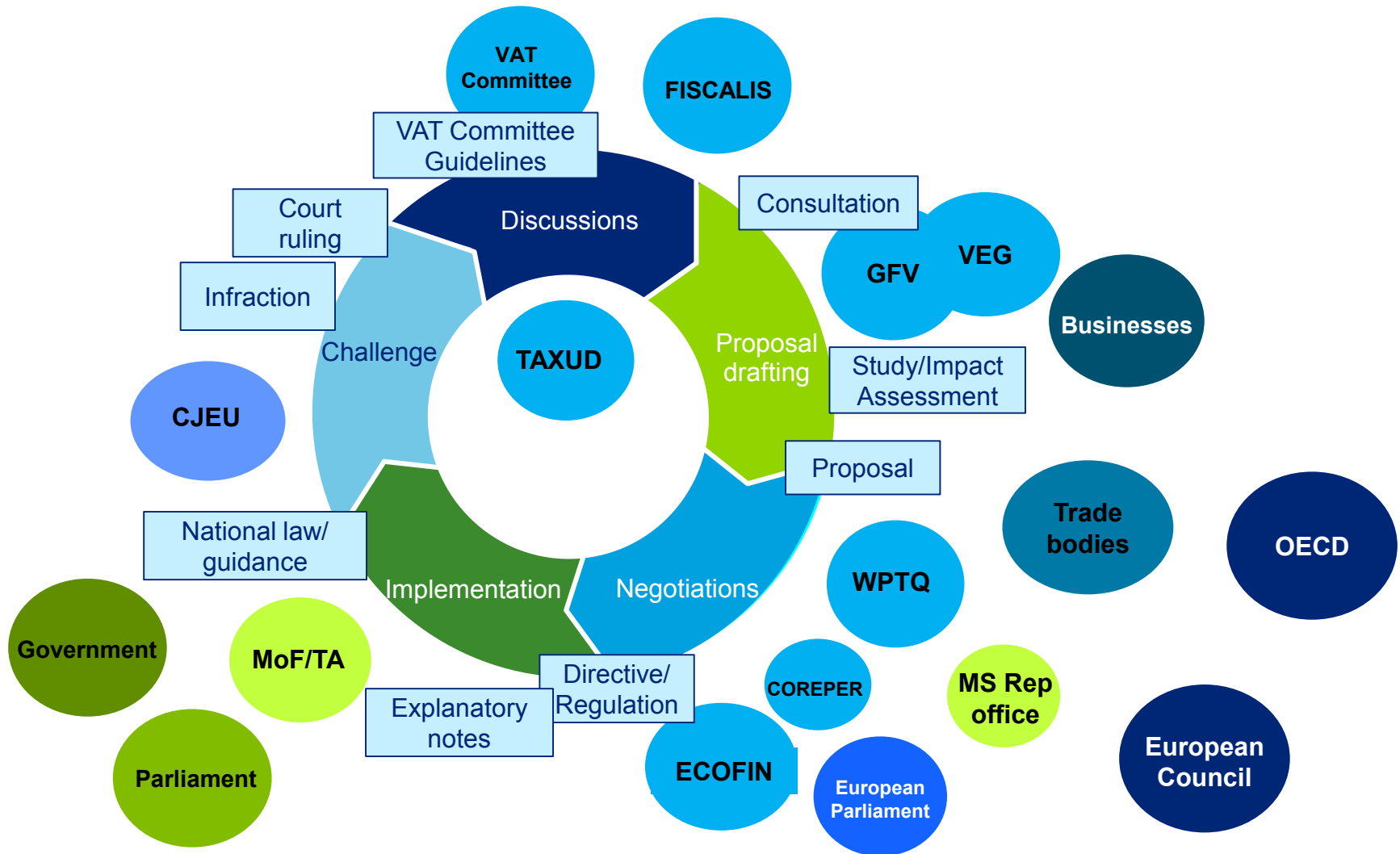
Commission re withdrawal on Standard VAT return, Oct 2015

theguardian

Ministers will lobby European commission over VAT on tampons

EU policy process

Phases, bodies & outputs



Discussions

- Issue identified & raised for discussion
- Discussions between Commission, Member States, businesses



**VAT
Committee**

FISCALIS

**Conferences,
seminars**

**VAT Committee
Guidelines**

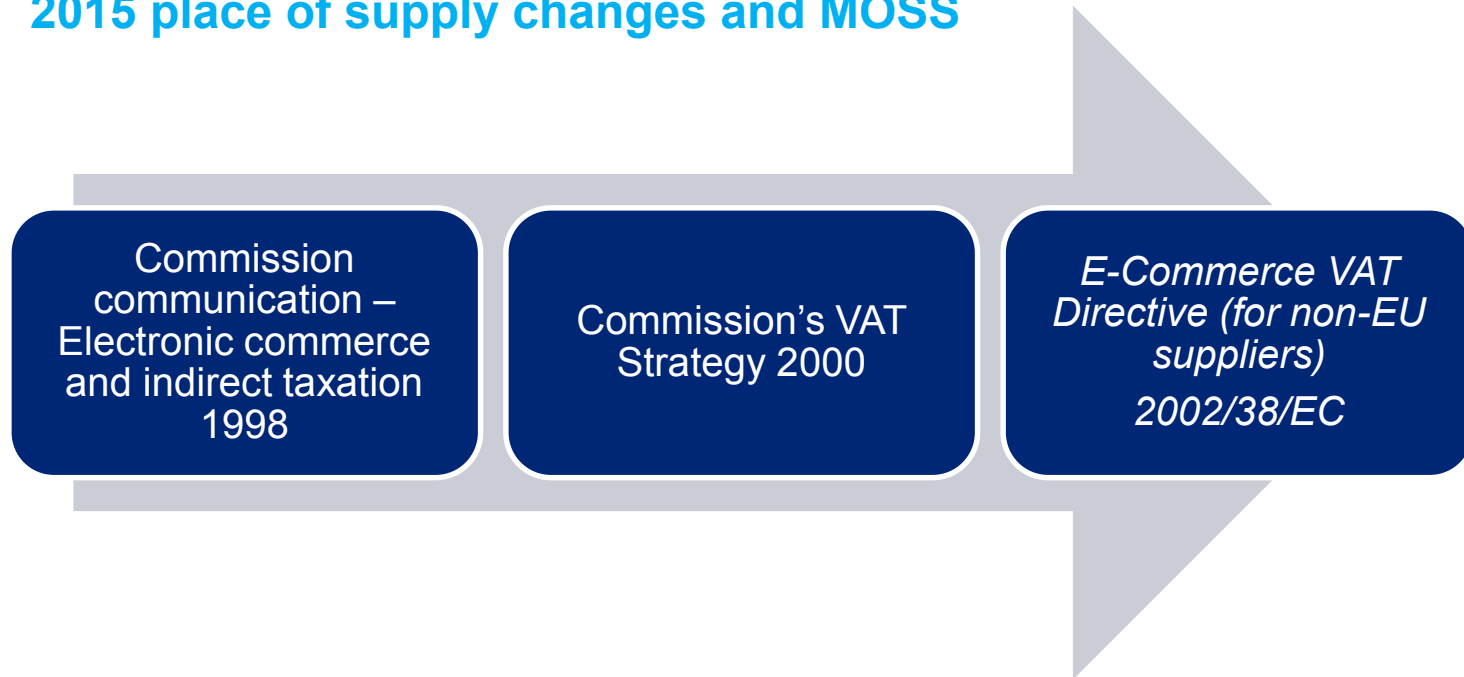
Deloitte involvement:

- Raising issues through direct contacts, if necessary
- Attending Fiscalis workshops and conferences

Discussions – example

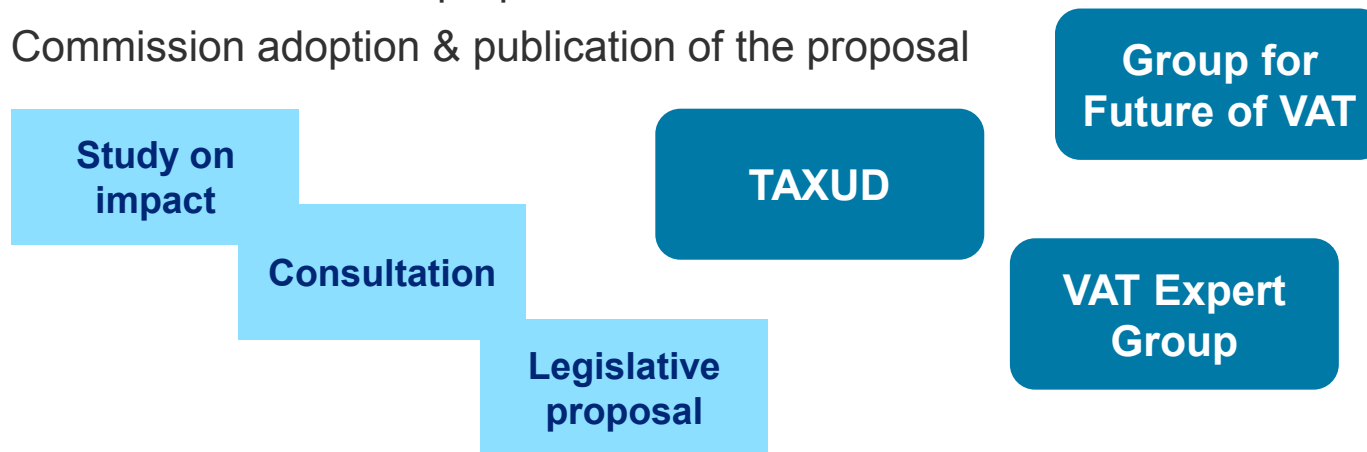


2015 place of supply changes and MOSS



Proposal drafting

- EU Commission focusses on a dossier with a view of potential legislative initiative
- A study usually commissioned, impact assessment carried out
- Discussions in different Commission working groups, decision on preparing a proposal
- TAXUD drafts the legislative proposal
- Public consultation on the proposal
- EU Commission adoption & publication of the proposal



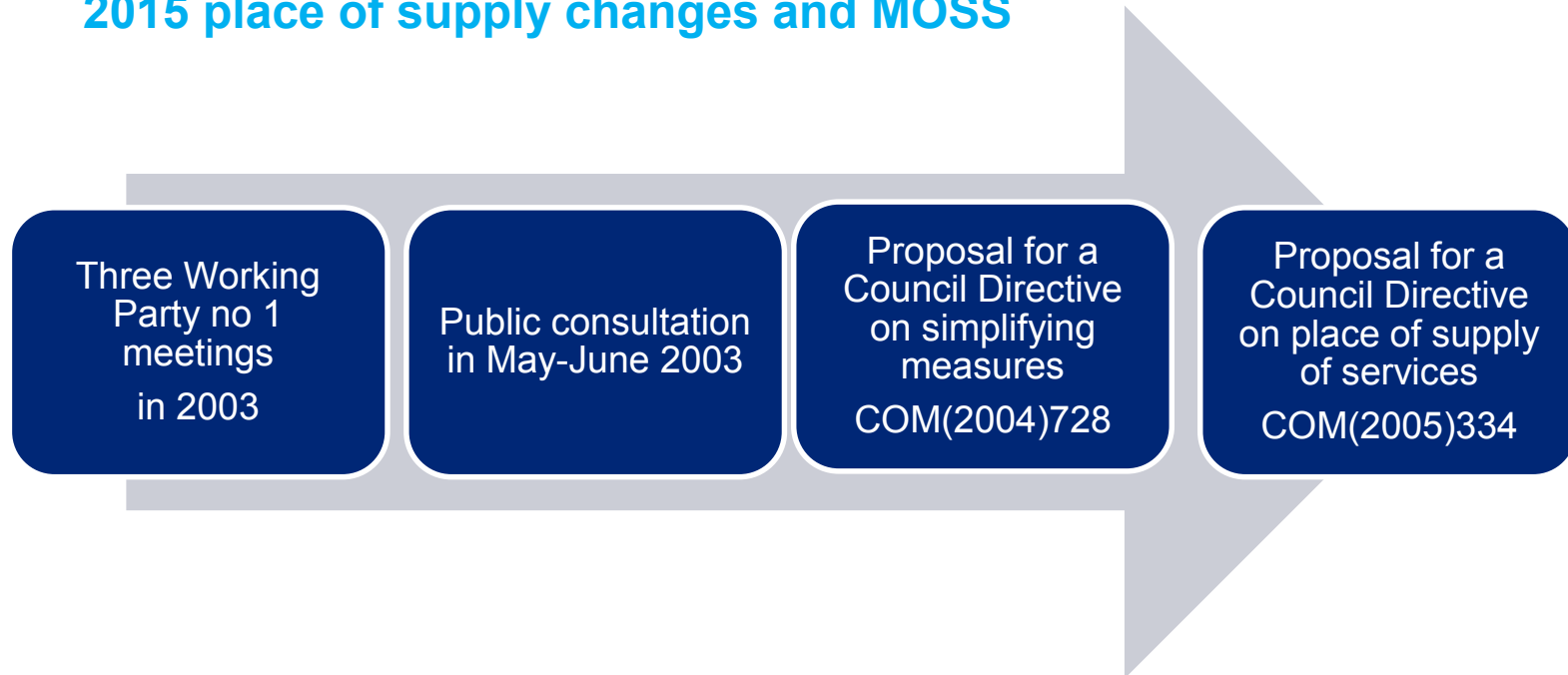
Deloitte involvement:

- Conducting tax studies under framework contract with TAXUD
- Input to consultations
- Seat in the VAT Expert Group

Proposal drafting - example

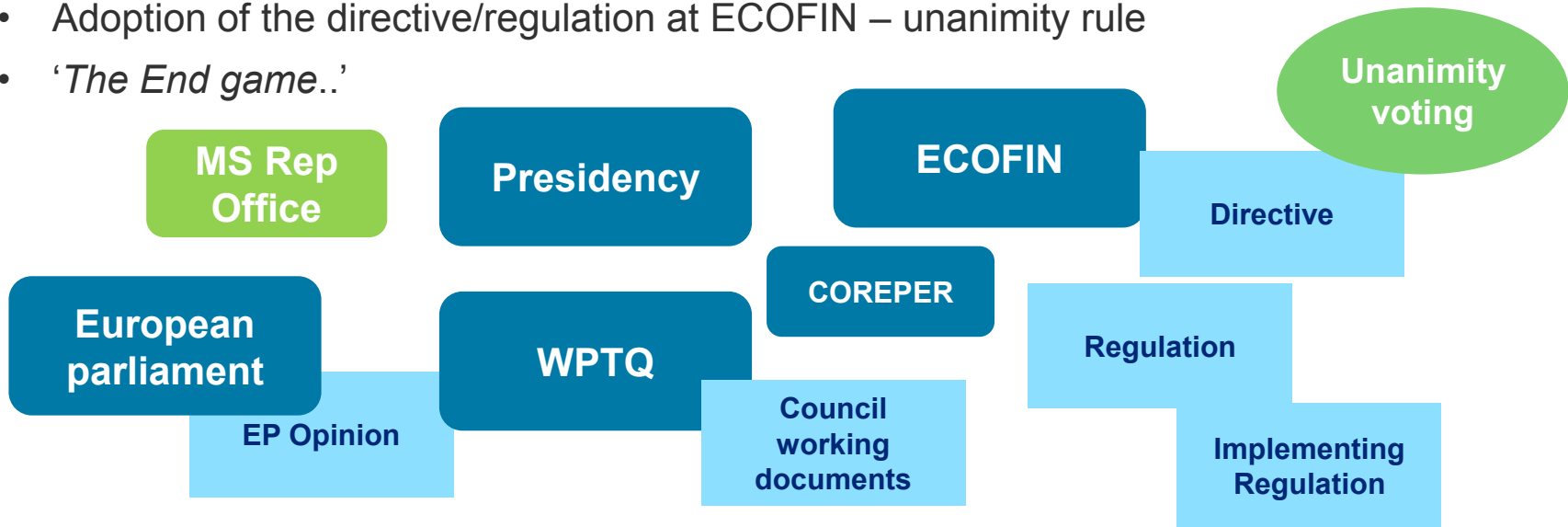


2015 place of supply changes and MOSS



Negotiations

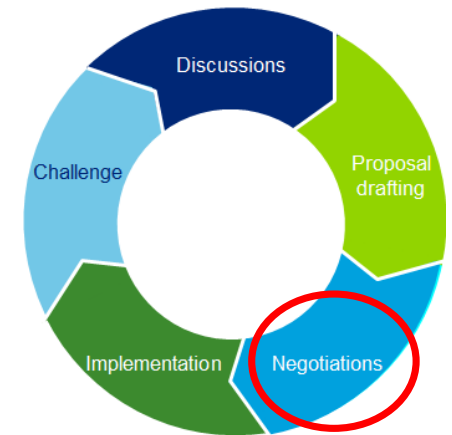
- Proposal is negotiated in an EU Council working group, led by the Presidency
- European Parliament discusses and issues an advisory opinion (consultation procedure)
- Possible discussions in the Member States (e.g. HMT VAT Forum)
- Adoption of the directive/regulation at ECOFIN – unanimity rule
- *'The End game..'*



Deloitte involvement:

- Involvement in national discussions, where possible
- Monitoring EU negotiations through contact network

Negotiations

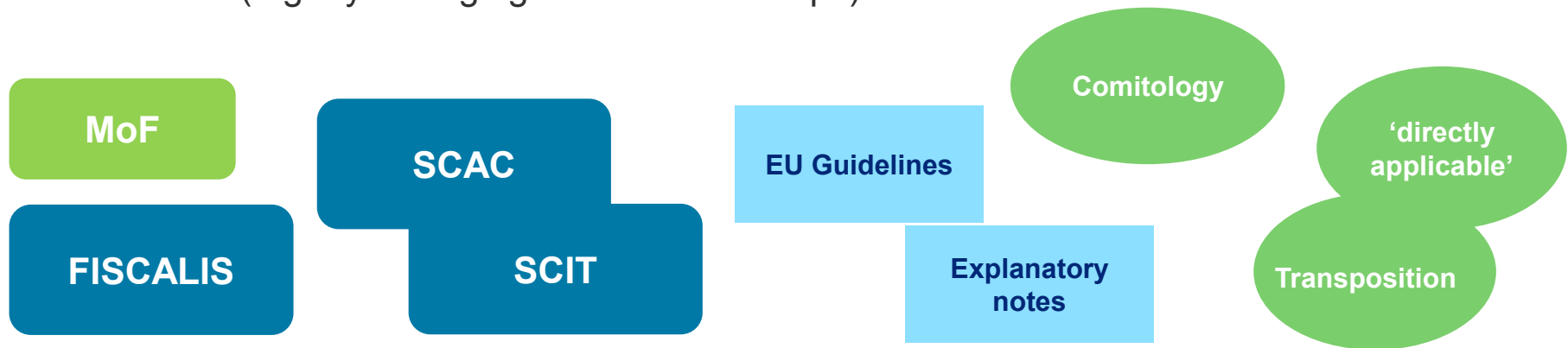


2015 place of supply changes and MOSS



Implementation

- Adopted legislative act sets implementation date
- Transposition – MS Governments prepare national legislation, guidance and processes; carry out consultations
- Taxud monitors & supports implementation process
- Regulatory committees discuss on technical implementation, administration processes – SCAC, SCIT
- Taxud drafts Explanatory notes, involving Member States and businesses (e.g. by arranging Fiscalis workshops)



Deloitte involvement:

- Input to preparation of Explanatory notes
- Input to national consultations

Implementation



2015 place of supply changes and MOSS



Challenge

- Challenge on Member States' national implementation of EU law
 - by business – litigation in national court (and CJEU)
 - by Taxud – infraction procedure, litigation at CJEU
- Court of Justice of the EU – gives rulings at request of national court on interpretation of EU Law



CJEU

Court Ruling

TAXUD

Infraction

Deloitte involvement:

- Representing business clients in tax challenges on national & EU level – discussions with HMT/HMRC, litigation, complaints to EU Commission

Challenge

2015 place of supply changes and MOSS



Businesses face a traumatic year ahead

**New EU VAT regulations
threaten small businesses**

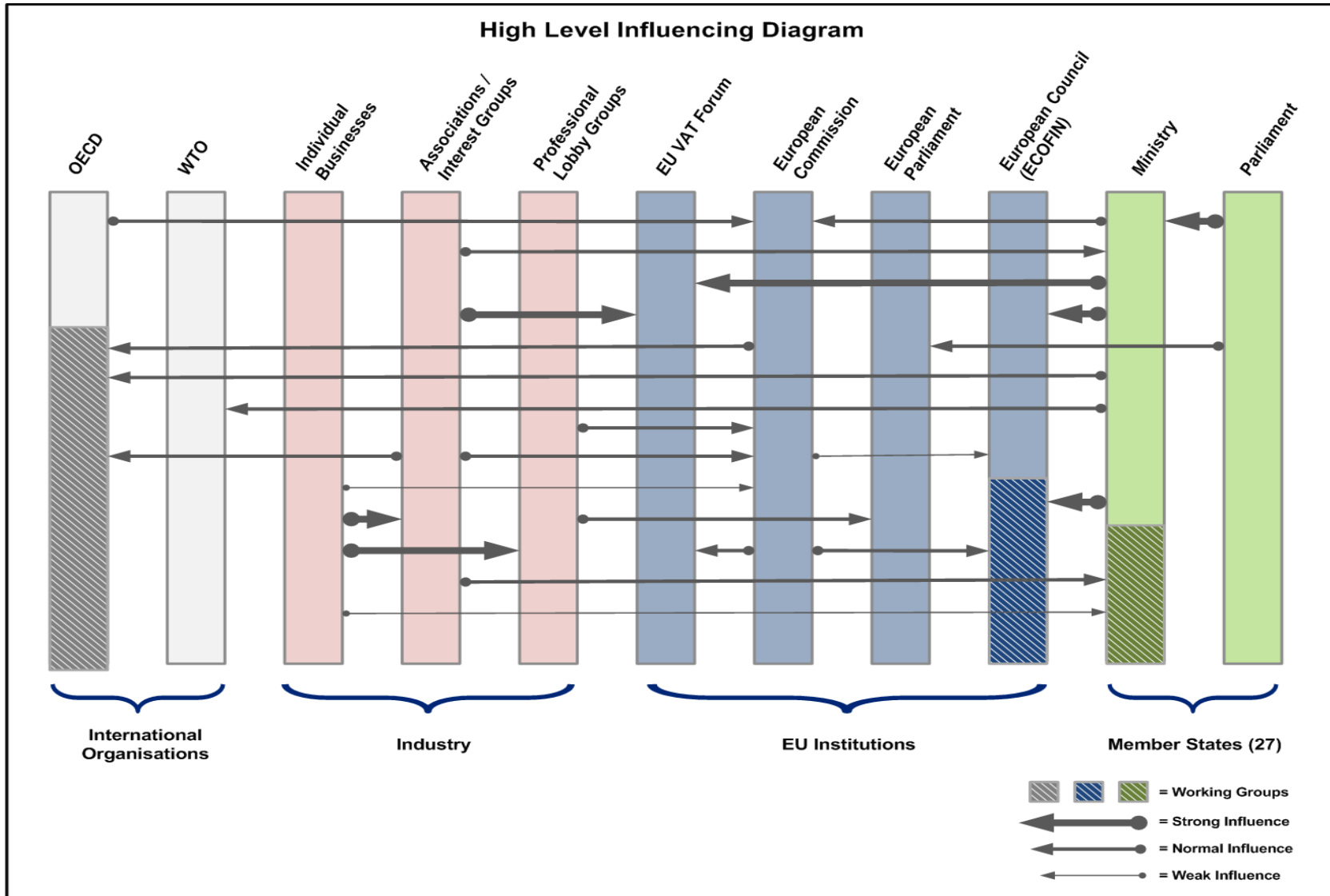
**#EUVAT Twitter Campaign a
Storming Success**

UK Issues Extra Guidance On 2015 VAT MOSS Changes

Influencing

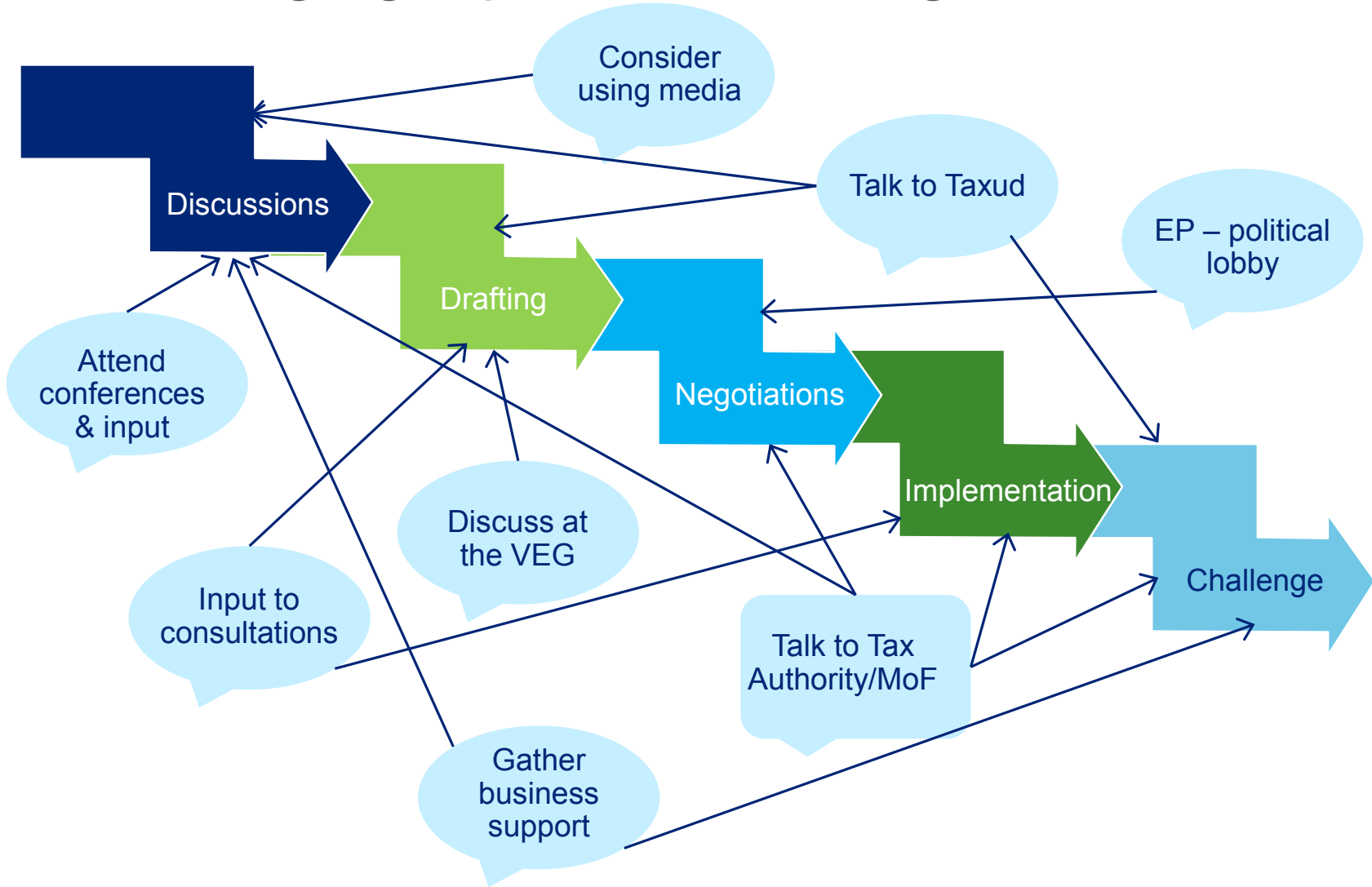
Making it work in practice

Influencing – an example..



Influencing

Contacting right person at the right time..



EU VAT Agenda

Open dossiers

EU VAT Agenda

Open dossiers

EU Commission

In progress:

- VAT rates
- VAT on E-Commerce
- Definitive VAT regime



Longer term?

- VAT on public bodies
- TOMS
- Passenger transport
- Financial services?



EU Council

Discussed:

- Vouchers
- FTT

To be withdrawn:

- Standard VAT return
- Financial Services

European Council
Council of the European Union

Questions and answers

Presenter

Aili Nurk is a Senior Manager in the global Government Revenue Solutions team and is based in London.

Aili has over 15 years of experience in tax policy. She advises clients from the public and private sector on international VAT policy matters and on EU legislative processes. Her work also involves research, advice and project management on government revenue generation projects.

Aili is the Deloitte representative in the EU Commission led VAT Expert Group and the OECD Technical Advisory Group on the VAT/GST Guidelines, and is often responsible for Deloitte input to EU Commission tax policy discussions and OECD tax consultations.

Aili's background is mainly VAT policy (EU and international), but also includes working on corporate tax, international taxation, excises, and other taxes and duties. She has previously worked for the Estonian Ministry of Finance and HM Treasury.

Aili has masters degree in law.

Email: anurk@deloitte.co.uk





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