

Bringing VAT rules to business realities of the 21st century

The European Commission published today proposals on the VAT in the digital age initiative. EuroCommerce Director General Christel Delberghe commented:

“Today’s proposals form an important basis for the creation of a future-proof VAT system across the EU. Retailers and wholesalers are major collectors of VAT and have a strong interest in reducing obstacles to trade. As we will be celebrating 30 years of the Single Market next year, VAT obligations are still among the highest barriers for companies when trading cross-border. It is high time to adapt VAT to the needs of the 21st century.”

In this context EuroCommerce welcomes the ‘VAT in the digital age’ initiative to set the course for modern reporting obligations and e-invoicing, clearer rules concerning the VAT treatment of the platform economy and the use of a single EU VAT registration.

EuroCommerce warmly welcomed the introduction of the VAT One-Stop-Shop in 2021 as a step in the right direction. However, in practice, e-merchants still have to maintain their foreign VAT registrations in every EU country where they are sending or holding stock. This is because the rules do not provide for a single VAT registration in only one Member State for sellers keeping product stocks in several EU Member States to serve consumers as quickly as possible.

To address this issue, EuroCommerce and Ecommerce Europe have launched a [campaign](#) recommending policymakers to extend the existing VAT One-Stop-Shop. To reduce administrative burden and costs the One-Stop-Shop needs to include all shipments of merchandise where the seller of record is not located in the EU country of taxation, in particular cross-border movements of own inventory across the EU. Furthermore, it should be extended to shipments of domestic sales from distribution hubs by a seller that is not established in that EU country.

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EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.