

EuroCommerce warns against fragmentation of VAT systems in the EU

EuroCommerce has always been supportive of the Commission's 2016 VAT Action Plan and the measures outlined in it to facilitate VAT compliance for companies. We have already welcomed the extension of the VAT One Stop Shop as an important step in the right direction. The latest proposals on VAT rates and special schemes for small enterprises, however, raise some concerns for retailers and wholesalers.

Christian Verschueren, Director-General at EuroCommerce commented:

"Some Member States are asking for more flexibility in setting VAT rates. Businesses are already confronted with some 100 different VAT rates across Europe, and differing ways of defining products and services covered by them. We are certainly in favour of lower VAT rates, but giving Member States flexibility to add a multiplicity of new reduced rates will simply add to an already complex situation, when what we need is a simpler, more harmonised approach. Companies need reliable information to operate, and we will be looking at how the announced EU-wide web-portal can deliver companies easier access to information on VAT rates."

In principle, the proposals making it easier for small companies to deal with VAT will help some companies reduce their compliance costs. But the proposals leave it to Member States to decide whether they want to introduce such VAT facilitation. Dealing with different VAT systems in the Single Market is one of the main barriers for retailers and wholesalers of all sizes, and variations between Member State regimes will do nothing to help simplify doing business. The proposed measures will be linked to the introduction of a definitive VAT regime.

Verschueren added: *"The difficult decision-making process in the EU related to taxation slows down the reforms which businesses urgently need. It is frustrating for retailers and wholesalers to see that welcome changes such as the One-Stop shop and abolition of the VAT threshold for imports of small consignments will only be in place from 2021."*

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EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading multinational retailers such as Carrefour, Ikea, Metro and Tesco, and many small family operations. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 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.