



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL  
TAXATION AND CUSTOMS UNION  
Indirect Taxation and Tax administration  
**Value added tax**

**Group on the Future of VAT  
28th meeting – 11 November 2019**

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Brussels, 28 November 2019

**GROUP ON THE FUTURE OF VAT**

**GFV No 092**

**MINUTES**

**28TH MEETING  
– 11 NOVEMBER 2019 –**

**1. NATURE OF THE MEETING**

The meeting was not open to the public.

**2. GFV N° 091: VAT SPECIAL SCHEME FOR TRAVEL AGENTS**

**2.1. Background and interpretation of the common EU rules by the CJEU**

With regard to Member States allowing travel agents the possibility of a global or fixed margin calculation, three delegations announced the entry into force of amended national VAT legislation, four delegations judged themselves to be in line with the interpretation by the CJEU, of which three were in favour of a legal initiative, and seven delegations declaring themselves not to be in line with the current rules indicated to await a legal initiative by the Commission. Some delegations viewed a transaction-based margin as difficult or even impossible to calculate and one delegation added that the most appropriate solution would be a fixed margin, which was currently applied by two Member States. No clarification was provided by the other 11 delegations present.

Concerning the taxation of B2B supplies (wholesale and consumption) by a travel agent acting in his own name under the normal rules, two delegations announced the entry into force of amended national VAT legislation and four delegations currently excluding B2B supplies in total or allowing an opting out explicitly welcomed a possible initiative by the Commission. The other nine delegations that took the floor confirmed them including B2B supplies under the special scheme. Seven of these added that the travel industry has been raising concern about the inclusion of B2B supplies and two delegations highlighted that differing national rules, including the granting of an opt-out, had created distortion of competition.

**2.2. FISCALIS 2020 workshop**

Two delegates commented on the conclusions of the workshop as summarised in the document. One delegation suggested to emphasise more the need for defining travel facilities and the term ‘traveller’ and the particular situation of the MICE industry. The other delegation added that not only travel facilities, but also ancillary services should be defined in law. In addition, clarification with regard to the registration threshold for small exempt enterprises was required.

**2.2. Evaluation**

Tax data as regards the special scheme was only collected in one Member State. According to the other Member States, data was not available and would also be difficult to obtain, because travel agents could be taxed both under the special scheme and under the normal rules. One Member State disposed of internal information suggesting that parts of travel industry, namely big tour operators, had left the country and moved to Switzerland. Other Member States had anecdotal evidence and received complaints by the industry about competitive advantages of travel agents located outside the EU. It was also mentioned that already without factual evidence it could be concluded that a level playing field simply did not exist. One delegation offered to provide more information on distortion of competition with regard to opt-out possibilities, subsidiaries established in third countries, tour operators making use of own aircraft and cross-border supplies.

Twelve delegations reacted to the four statements on the evaluation, which were

1. The special scheme achieves its objective of simplification.
2. The travel industry continues to need special VAT rules.
3. The common rules, although interpreted by the CJEU, still lack clarity.
4. There is a need for amending the current rules as interpreted by the CJEU.

Nine of these delegations agreed to all of them. One delegation simply stated that there was still a need for the special scheme and the other delegation pointed out that the special scheme only partly achieved its objective of simplification and that the travel industry continued to need special VAT rules unless a One Stop Shop could be used, while agreeing that the common rules lack clarity and that there would be a need for amending them. Finally, one delegation raised the issue of complexity attributed to the special scheme and the need for further simplification. All solutions should be considered, including a replacement of the scheme by a one Stop Shop together with a refund portal and taxation of travel services according to where the underlying travel facilities are used and enjoyed.

### **2.3. Reform options**

Seven delegations commented on the questions already addressed to Member States in Council in 2010 when discussing the Commission's proposal, since withdrawn, and the reflections by the Commission services included in the document now discussed. While some replied in the positive to all four questions, delegations had differing opinions on whether B2B supplies should be included under the special scheme. One delegation that advocated for the inclusion of third country operators under the special scheme, proposed changing the place of taxation of the margin to the place of the residence of the customer.

### **3. NEXT STEPS**

Member States were invited to transmit replies to the questions on evaluation included in the working paper within one month.

### **4. LIST OF PARTICIPANTS**

Commission officials from DG TAXUD Unit C1 and the members of the Group on the Future of VAT as published in the Register of Commission Expert Groups and other similar entities<sup>1</sup>.

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<sup>1</sup> <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=2609&NewSearch=1&NewSearch=1>