



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

taxud.c.1(2019)2690215 – EN

Brussels, 3 April 2019

**VALUE ADDED TAX COMMITTEE
(ARTICLE 398 OF DIRECTIVE 2006/112/EC)**

INFORMATION PAPER

ORIGIN: Commission

SUBJECT: VAT treatment of “city cards”

1. INTRODUCTION

The Commission services wish to inform the VAT Committee about an issue concerning the VAT treatment of vouchers that has been recently raised by businesses in the VAT Forum¹, which is a platform where businesses and VAT authorities meet to discuss how the implementation of the VAT legislation can be improved in practice.

2. SUBJECT MATTER

One of the stakeholders taking part in the VAT Forum, *BusinessEurope* on behalf of three member federations, has raised questions as regards the interpretation of Council Directive (EU) 2016/1065² amending Directive 2006/112/EC (hereinafter, the “VAT Directive”) as regards the treatment of vouchers.

The question concerns the VAT treatment of so-called “city cards”, which typically grant their holders the right to access several touristic attractions once purchased. In particular, it is tabled whether such instruments would qualify as vouchers for the purposes of Article 30a of the VAT Directive and, if so, which type of voucher. According to the businesses putting forward this issue, divergences in the VAT treatment of such products could lead to double taxation.

The information submitted can be found in Annex. This information reflects the point of view of *BusinessEurope* and should not be taken as the position of the Commission services. The Commission does therefore not take responsibility for the accuracy of the information contained therein.

3. DELEGATIONS' OPINION

Delegations are invited to express their preliminary views on the matter as outlined in the Annex.

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¹ https://ec.europa.eu/taxation_customs/business/vat/eu-vat-forum_en

² Council Directive (EU) 2016/1065 of 27 June 2016 amending Directive 2006/112/EC as regards the treatment of vouchers (OJ L 177, 1.7.2016, p. 9).

ANNEX

Introduction

City card is a known phenomenon all around the globe. The VAT rules for a city card varies between different countries.

In this short memo we intend to illustrate how much VAT a city card generates to the tax authorities in different scenarios of VAT level. As you will see it is a big difference depending on which VAT rule is applied.

We have assumed administration costs of 50 in all scenarios when showing the effect on profitability for the seller of city card.

Multi Purpose Voucher taxation

(used in ex; DK, IT, US, UK)

City card price: 500
 VAT 0 % (0,00)



Attraction 1, Bus tour
 Price: 100, VAT 6 % (5,60)



Attraction 2, Entrance amusement park,
 Price: 100, VAT 25 % (20,0)



Attraction 3, Museum
 Price: 100, 0 % VAT (0,00)



Attraction 4, Boat tour
 Price: 100, 6 % VAT (5,60)

Deductible ingoing
 VAT -0,00



Total VAT generated by city card at seller of card 0,00

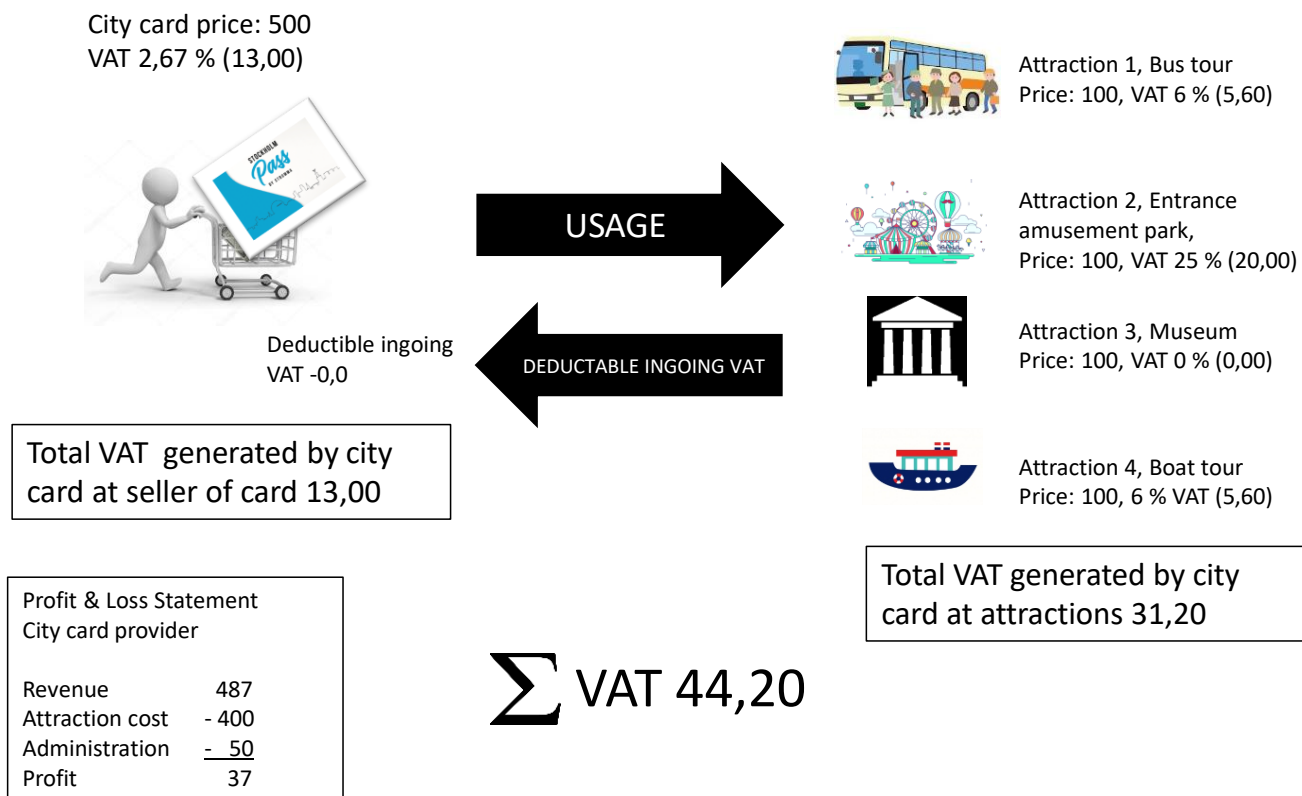
Total VAT generated by city card at attractions 31,20

Profit & Loss Statement City card provider	
Revenue	500
Attraction cost	- 400
Administration	- 50
Profit	50

Σ VAT 31,20



Profit margin VAT



Full VAT 25 %

City card price: 500
 VAT 25 % (100,00)



Attraction 1, Bus tour
 Price: 100, VAT 6 % (5,60)



Attraction 2, Entrance amusement park,
 Price: 100, VAT 25 % (20,00)



Attraction 3, Museum
 Price: 100, 0 % VAT (0,00)



Attraction 4, Boat tour
 Price: 100, 6 % VAT (5,60)

Deductible ingoing
 VAT -31,20



Total VAT generated by city
 card at seller of card 68,80

Total VAT generated by city
 card at attractions 31,20

Profit & Loss Statement
 City card provider

Revenue	400
Attraction cost	- 369
Administration	- 50
Profit	- 19

Σ VAT 100,00

Multi Purpose Voucher taxation with attractions in several countries

Country A
 City card price: 500
 VAT multi purpose voucher
 0 % (0,00)



Country B
 Attraction 1, Bus tour
 Price: 100, VAT 6 % (5,60)



Attraction 2, Entrance
 amusement park,
 Price: 100, VAT 25 % (20,00)

VAT to country B 25,60



Country C
 Attraction 1, Boat tour
 Price: 100, VAT 6 % (5,60)



Attraction 2, museum
 Price 100, VAT 0 % (0,00)

VAT to country C 5,60

Total VAT generated by city
 card sales in country A 0,00

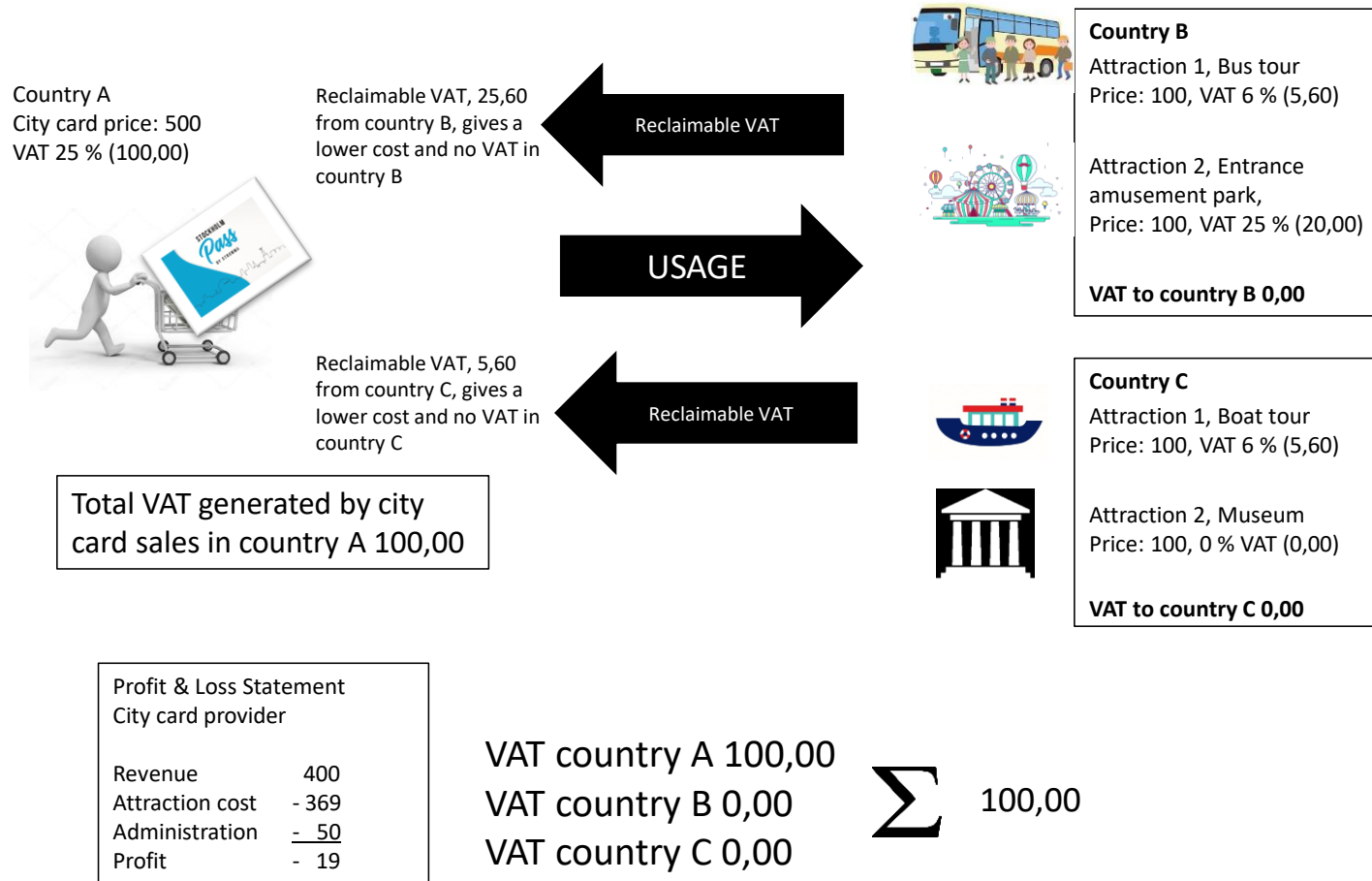
Profit & Loss Statement City card provider	
Revenue	500
Attraction cost	- 400
Administration	- <u>50</u>
Profit	50

VAT country A 0,00
 VAT country B 25,60
 VAT country C 5,60

Σ 31,20



Full VAT taxation with attractions in several countries



Profit margin taxation with attractions in several countries

Country A
 City card price: 500
 VAT Profit margin
 2,67 % (13,00)



Total VAT generated by city card sales in country A 13,00

Profit & Loss Statement
 City card provider

Revenue	487
Attraction cost	- 400
Administration	- 50
Profit	37

VAT country A 13,00
 VAT country B 25,60
 VAT country C 5,60

Σ 44,20



Country B

Attraction 1, Bus tour
 Price: 100, VAT 6 % (5,60)



Attraction 2, Entrance amusement park,
 Price: 100, VAT 25 % (20,00)

VAT to country B 25,60



Country C

Attraction 1, Boat tour
 Price: 100, VAT 6 % (5,60)



Attraction 2, Museum
 Price: 100, 0 % VAT (0,00)

VAT to country C 5,60