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Value Added Tax

**Group on the future of VAT
17th meeting – 10 January 2017**

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GROUP ON THE FUTURE OF VAT

GFV N° 056

**Elements for the 2017 proposal
Definitive VAT regime for intra-EU trade**

1 BACKGROUND

During the last meeting of the Group on the Future of VAT held on the 21st October 2016 the document on the 'Definitive VAT regime for intra-EU trade – First step – Issues to be examined' (GFV No 054) was discussed. The purpose of that document was to examine the main features of such a system as well as to identify and analyse the issues which would arise and to develop the ways to tackle them with a view of preparing the legislative proposal to be tabled in 2017. Among others the concept of Certified Taxable Person (CTP) was examined.

The outcome of the meeting showed that there are several elements which have to be considered while the 2017 proposal is drafted. The GFV insisted on further discussions on the fundamental elements and objectives of the future definitive regime having in mind the complexity of detailed technical points. It means that gradual entry into force of the definitive system seems to be a preferred way forward. Further the GFV expressed the necessity to work on the quick improvements of the current rules.

In its conclusions of 25 May 2016 on the VAT Action Plan¹, the Council took note of the intention of the Commission to present a proposal in 2017 and stressed that the work had to continue to set ground for the political choice to be made with regard to the definitive VAT system and at the same time that improvements to the current system could be possible and necessary in the short term.

In the conclusions on improvements to the current EU VAT rules for cross-border transactions, adopted on the 8th November 2016², the Council strengthen its position on the necessity to translate into a legislative proposal improvements to the current system. In this context the following are mentioned: VAT Identification Number, chain transactions, call-off stock and proof of Intra-EU Supply.

2 PURPOSE OF THE DOCUMENT

The Commission is due to come up with a legislative proposal in the autumn 2017, and in this context, the conclusions of the Council and the outcome of the last GFV meeting need further technical consideration.

Therefore the members of the GFV are invited to present any additional comments they may have in respect of the above-mentioned improvements to the current system, and provide advice on the suggested list of conditions for granting the status of Certified Taxable Person (CTP).

As the legislative procedure is about to start, no further meetings will be planned in this respect.

¹ <http://www.consilium.europa.eu/en/press/press-releases/2016/05/25-conclusions-vat-action-plan/>

² <http://data.consilium.europa.eu/doc/document/ST-14257-2016-INIT/en/pdf>

During the discussions in the GFV and the VEG which took place after the adoption of the 2011 Communication *On the future of VAT — Towards a simpler, more robust and efficient VAT system tailored to the single market*³, among others, possible improvements to the current system were analysed by different sub-groups (two sub-groups composed of members of both the VEG and GFV and the EU VAT forum sub-group). The outcomes of the works of these sub-groups were presented in several documents⁴. All these documents are publically available in CIRCABC. Two Working papers - VEG No 26 and GFV No 42 - provide an overview of the conclusions and recommendations presented by all sub-groups. Moreover, on the issue of proof of evidence of intra-Community supplies, the point of view of the VAT Expert Group, notably on possible improvements, was presented and discussed in the VAT Committee (106th meeting, Working paper No 898).

Working paper GFV No 54 is the most recent relevant document where the concept of the Certified Taxable Person (CTP) is presented – see point 2.2 in the annex.

3 QUESTIONS TO THE DELEGATES

The delegates are invited to:

- 1) express their views whether the **exemption for intra-EU supplies** should be conditioned not only by the obligation to possess a valid **VAT Identification number** but also by the submission of the recapitulative statement;
- 2) consider whether the legislative solutions dealing with the **proof of evidence for the purposes of exempting intra-EU supplies** should be linked with the CTP concept or rather be opened to all taxable persons;
- 3) provide any additional comments they might have on the modification of the VAT rules for the **simplification of the call-off stock** in the context of the recent CJEU judgment *Josef Plöckl* (C-24/15), taking into account that this case referred to a consignment stock situation⁵;
- 4) suggest in relation to **chain transactions**, whether - having in mind that up to now the works on the way forward were non-conclusive - the simplification measures should be implanted in the current VAT system or rather linked with the CTP status and postponed to the entry into force of the definitive regime (with the general principle of taxation of the supplies); and

³ COM(2011) 851, 6.12.2011.

⁴ GFV N° 039 Option 1B – Sub-Groups report - Consignment stock
GFV N° 040 Option 1B – Sub-Groups report – Chain transactions
GFV N° 041 Option 1B – Sub-Groups report – Proof of intra-EU supplies
VEG N° 027 Option 1B - Sub-Groups report - Proof of intra-EU supplies
VEG N° 028 Option 1B - Sub-Groups report - Consignment stocks
VEG N° 029 Option 1B - Sub-Groups report - Chain transactions

⁵ See Opinion of the Advocate General in Case C-24/15, point 26.

- 5) propose, if considered necessary, additional objective criteria which should be taken into account for granting the **status of Certified Taxable Person (CTP)** - other than those already identified in Working paper GFV No 054.

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