

# The new 2015 EU VAT rules on the place of supply - the overview

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DG TAXUD

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## The new 2015 EU VAT rules on the place of supply

### □ The VAT Package - Directive 2008/8/EC

#### □ Article 58 of the VAT Directive:

*The place of supply of the following services to a non-taxable person shall be the place where that person is established, has his permanent address or usually resides:*

- (a) telecommunications services;*
- (b) radio and television broadcasting services;*
- (c) electronically supplied services, in particular those referred to in Annex II.*

*Where the supplier of a service and the customer communicate via electronic mail, that shall not of itself mean that the service supplied is an electronically supplied service.*

## The new 2015 EU VAT rules on the place of supply

### **Directive 2008/8/EC**

- Telecommunications, broadcasting and electronic services
- B2B and B2C
- Within and outside EU
- 1 January 2015**: in all the cases taxation at the **place of the customer**

## The new 2015 EU VAT rules on the place of supply

- ❑ **Why** the new rules enter into force only **in 2015?**
  - ❑ Profound changes for the business concerned
  - ❑ Requirement to know the client and his location
  - ❑ Need to introduce MOSS in order to reduce the administrative charges

## The new 2015 EU VAT rules on the place of supply

**As of 1 January 2015**, telecommunications, broadcasting and electronic services provided to a non-taxable person become in all cases **taxable at the place where the customer is located\***.

- **the customer** can be a business or a natural person (a non-taxable legal person)
  - \* For a taxable person (a business) = the place where a taxable person is established or has a fixed establishment to which services are provided.
  - \* For a non-taxable person (a natural person or a non-taxable legal person) = the place where he is established (a non-taxable legal person) or where he has a permanent address or usual residence (a natural person).

- **the supplier** can be established within and outside EU 5

## The new 2015 EU VAT rules on the place of supply

When a supplier established within one of the EU countries provides a service to (1):

1. **a business** located in a different EU country: VAT is not included in the invoice.

The customer is obliged to account for the VAT (a reverse charge mechanism).

2. **a non-taxable person** located in a different EU country: VAT is to be charged in the country where the customer is established (and not in the country of establishment of the supplier).

The supplier accounts for VAT.

## The new 2015 EU VAT rules on the place of supply

When a supplier established within one of the EU countries provides a service to (2):

3. **a business or a non-taxable person** located outside the EU: the service is not taxable within the EU.

❑ **!!!** However if the service is effectively used and enjoyed within the EU, the country concerned may decide to tax it.

## The new 2015 EU VAT rules on the place of supply

When a supplier established outside the EU provides a service to:

1. **a business** located within the EU: VAT is not included in the invoice.  
The customer is obliged to account for the VAT (under the reverse charge mechanism).
2. **a non-taxable person** located in an EU country: VAT is included in the invoice issued in the country where the customer is established.  
The supplier accounts for VAT.

## The new 2015 EU VAT rules on the place of supply

- ❑ **Council Implementing Regulation (EU) No 1042/2013**
  
- ❑ Preparations
  - ❑ Extended consultation with business and tax administrations
  - ❑ Fiscalis Seminar in Luxembourg, March 2012
  - ❑ Proposal COM: December 2012
  - ❑ Adoption by the Council (unanimously): 7 October 2013

## The new 2015 EU VAT rules on the place of supply

### ❑ The Explanatory Notes (1)

- ❑ The first draft discussed in November 2013, Fiscalis Amsterdam
- ❑ Business and tax administrations together
- ❑ The revised version was prepared on the basis of the comments received
- ❑ Published on our webpage EUROPA

[http://ec.europa.eu/taxation\\_customs/taxation/vat/how\\_vat\\_works/telecom/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/telecom/index_en.htm)

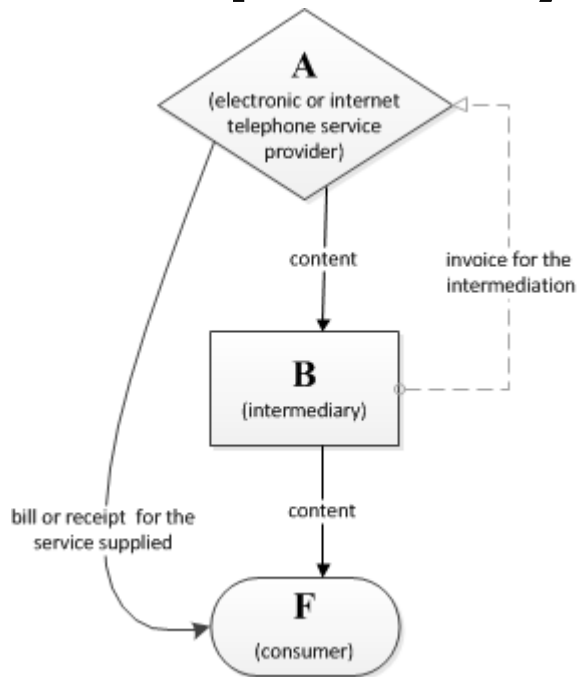
## The new 2015 EU VAT rules on the place of supply

### ❑ **The Explanatory Notes (2)**

- ❑ Other language versions are also published
- ❑ The aim is to provide help in understanding the meaning of the new 2015 EU VAT rules included in each Article of the VAT Implementing Regulation 282/2011 introduced by Implementing Regulation 1042/2013
- ❑ **NOT LEGALLY BINDING** – opinion of the Commission's services

## The new 2015 EU VAT rules on the place of supply

### □ The Explanatory Notes (3)



#### Graphs:

- do not present real life examples
- generic scenarios only
- help to analyse the real situation

#### Chapters:

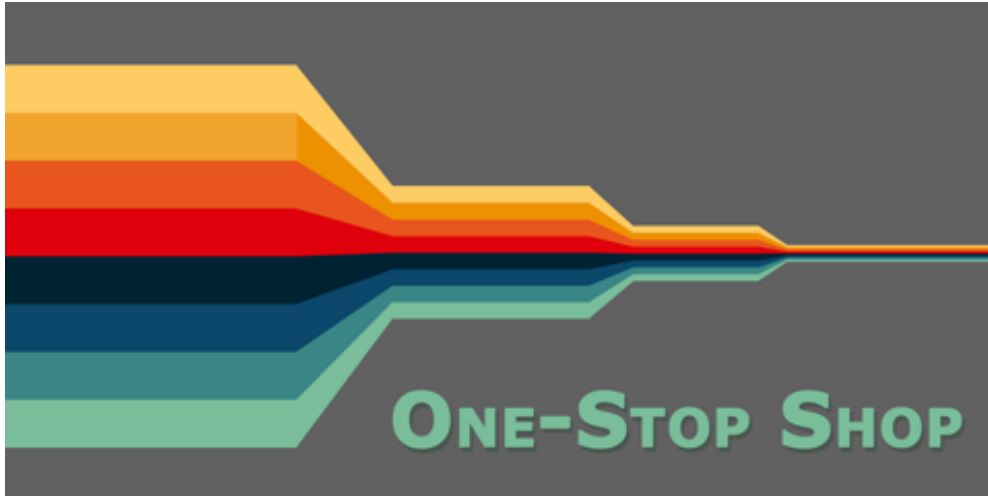
- a lot of information but not everything
- important to read the whole chapter dealing with the topic

## Report on the feasibility

### **Article 6 of Directive 2008/8/EC**

*The Commission shall, by 31 December 2014, submit a report on the feasibility of applying efficiently the rule laid down in Article 5 for the supply of telecommunications services, radio and television broadcasting services and electronically supplied services to non-taxable persons and on the question whether that rule still corresponds to the general policy at that time concerning the place of supply of services.*

**Report was adopted by Commission 26 June 2014**  
*COM(2014)380 final*



**Thank you for  
your attention**