

Taxation and Customs Union

VAT: taxation of telecommunications, broadcasting and electronic services

The Commission on 18 December 2012 adopted the final proposal in a package of measures that will enable making the taxation of telecommunications, broadcasting and electronic services fairer and more business friendly as of 1st January 2015.

In 2008, the VAT Directive was modified in order to take into account the development of e-commerce. At that time, to better ensure taxation at the place of consumption, it was agreed that, as of 1st January 2015, telecommunications, broadcasting and electronic services would be taxed at the place of the customer, i.e. at the place where the customer is established or resides.

Once the new rules are in place, there will be a level playing field for all businesses in the sectors concerned, regardless of their size or corporate structure. In particular, this should contribute to the development of ecommerce in the single market.

In order to ensure simple compliance with the new rules, the suppliers of these services will be able to comply with their VAT obligations in the whole of the EU by submitting a single VAT return in the Member State in which they are identified.

For the customer the VAT rate will be the same regardless of where his supplier is established.

The Commission has taken various steps to ensure the smooth implementation of these changes. The proposal for an implementing regulation adopted today by the Commission is the last in a series of initiatives envisaged. It is now up to Member States to adopt this regulation and set up the systems that will allow taxpayers supplying telecommunications, broadcasting or electronic services across the EU to comply with the new rules.

For background information see our web page.