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PROJECT B2B services (part of the VIES 2 Project)

SUMMARY Currently, only the amount of supplies of goods made by taxable persons can be consulted by national administrations through VIES to check the truthfulness of declared intra-Community transactions. In the future, the amount of supplies of services will also be included into VIES for consultation by national administrations.

LEGAL BASIS	
General	Proposal for a Council Directive of 23/12/2003 amending Directive 77/388/EEC as regards the place of supply of services COM (2003) 822.
Mandatory use of I.T.	

DESCRIPTION The inclusion of services in VIES is linked to the extension of the "Reverse charge procedure" with respect to services. This procedure shifts the place of taxation from the place where the supplier is established to the place where the customer is established. As a result, VAT obligations are transferred from the supplier (in the case of intra-Community transactions, the supplier does not anymore have to be registered for VAT in all the MS where he is not established) to its customers. Such a change will result in increased use of VIES, decreased cross-border registration and additional administrative demands regarding the supply of services.

STATUS B2B project is built up in two phases: Phase 1: allows existing VIES messages and the one with services to coexist. Initial and test applications VIES Phase V and Unicode have been modified, tested and supplied to the MS. Phase 1 will soon be completed. Phase 2: introduction of services. Conformance tests for implementation of B2B started in March 2006. Final versions of functional, technical and test specifications as well as migration strategy have been supplied to the MS in August 2005.

PLANNED ACTIVITIES Last compromise text at the Council suggests an implementation date of 1st January 2008 for the new obligations for taxable persons and the subsequent need for Member States to be able to exchange the information collected from taxable persons.

TECHNICAL INFORMATION The current technology of VIES will be used in the first stage. At a later stage, this solution will be migrated, together with intra-Community supplies of goods to XML and datagram.