VAT in the Digital Age

FINAL REPORT

VOLUME 4

CONSULTATION ACTIVITIES

CASE – Centrum Analiz Społeczno-Ekonomicznych
CASE – Center for Social and Economic Research

PREPARED BY: Economisti Associati, Oxford Research, CASE, Wavestone, Hédeos, Mazars, Desmeytere Services and Università di Urbino.

Submitted in March 2022.
Specific Contract No 07 implementing Framework Contract No TAXUD/2019/CC/150

FOR THE
EUROPEAN COMMISSION
European Commission, B-1049 Brussels
Directorate-General for Taxation and Customs Union
Directorate C – Indirect Taxation and Tax Administration
Unit C.1 – Value Added Tax
Contact: Maria del Carmen Muniz Sanchez (Ms)
E-mail: maria-del-carmen.muniz-sanchez@ec.europa.eu

European Commission
B-1049 Brussels

Authors:

Giacomo Luchetta (Team leader – Economisti Associati)
Enrico Giannotti (Deputy Team Leader for DRRs – Economisti Associati)
Grzegorz Poniatowski (Deputy Team Leader for the Platform Economy - CASE)
Bradford Rohmer (Deputy Team Leader for SVR and IOSS - Oxford Research)
Stephen Dale (Hedeos société d'avocats)

Supported by:

The network of local practitioners of Mazars N.V. / Mazars Group led by Bert Laman
Maximilian Freudenthaler (Economisti Associati)
Nicole Genovese (Economisti Associati)
Isabelle Desmeytere (Desmeytere services)
Prof. Stefano Ferretti (Università di Urbino)
Adam Śmietanka (CASE)
Mehmet Burak Turgut (CASE)
Tomasz Tratkiewicz (CASE)
Agnieszka Pechcińska (CASE)
Stanislav Bieliei (CASE)
Florian Poli (Oxford Research)
Stella Pipping (Oxford Research)
Alessandro Zamboni (Wavestone)
Débora Di Giacomo (Wavestone)
Inês da Costa (Wavestone)
Solène Drugeot (Wavestone)
Thiago Barbizan (Wavestone)

EUROPEAN COMMISSION

VAT in the digital age

Final Report

Volume 4
Consultation Activities

Directorate-General for Taxation and Customs Union

2022

Europe Direct is a service to help you find answers to your questions about the European Union.
Freephone number (*)**:**
00 800 6 7 8 9 10 11

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

LEGAL NOTICE

This document has been prepared for the European Commission however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

More information on the European Union is available on the Internet (http://www.europa.eu).

Luxembourg: Publications Office of the European Union, 2022

ISBN 978-92-76-54685-6
doi: 10.2778/33189

© European Union, 2022
Reproduction is authorised provided the source is acknowledged

Table of contents

1. INTRODUCTION 9

1.1. PURPOSE OF THE ASSIGNMENT 9
1.2. RECAP OF THE TASKS AND METHODOLOGY 9
1.3. STRUCTURE OF VOLUME 4 – CONSULTATION ACTIVITIES 10

2. TARGETED CONSULTATION 11

3. PUBLIC CONSULTATION – SYNOPSIS REPORT 16

3.1. OVERVIEW 16
3.2. GENERAL SECTION – ABOUT THE RESPONDENTS 16
3.3. PART 1 – DIGITAL REPORTING REQUIREMENTS 18
3.4. PART 2 – THE VAT TREATMENT OF THE PLATFORM ECONOMY 32
3.5. PART 3 – SINGLE VAT REGISTRATION IN THE EU AND IOSS 43

List of figures

Figure 1. Overview of the services requested.....10
Figure 2. Targeted consultation – stakeholder coverage.....12

List of tables

Table 1. Sample for the targeted consultation.....11
Table 2. Consultation strategy.....12
Table 3. Targeted consultation – geographical coverage.....13

Abbreviations and acronyms

BF	Business Federation
B2B	Business-to-Business
B2C	Business-to-Customer
CESOP	Central Electronic System of Payment Information
CJEU	Court of Justice of the European Union
CTC(s)	Continuous Transaction Controls
DG TAXUD	Directorate General for Taxation and Customs Union
DRR	Digital Reporting Requirement
EC	European Commission
EU	European Union
GFV	Group on the Future of VAT
IA	Impact Assessment
ICC	International Chamber of Commerce
IOSS	Import-One-Stop Shop
MNCs	Multinational Companies
MS	Member States
OECD	Organization for Economic Co-operation and Development
OSS	One Stop Shop
PC	Public Consultation
SME	Small and Medium-sized Enterprise(s)
ToR	Terms of Reference
VAT	Value-Added Tax
VEG	VAT Expert Group

1. INTRODUCTION

1.1. Purpose of the Assignment

This Final Report (the Report) was prepared within the framework of the study on **VAT in the Digital Age**.[1] It is submitted to the European Commission, Directorate General for Taxation and Customs Union (DG TAXUD), by a grouping of consulting firms and research institutions led by Economisti Associati Srl and including Oxford Research AB, the Center for Social and Economic Research (CASE), Wavestone S.A., Mazars N.V., Hedeos société d'avocats, Desmeyere Services and Università di Urbino. The Report was prepared based on the indications provided in the Terms of Reference (ToR) for the Assignment, supplemented by the Technical Proposal.

The Report covers three distinct but interrelated areas of VAT policy:

1) **Digital Reporting Requirements (DRRs)** (in the Volume 1);
2) **The VAT Treatment of the Platform Economy** (in Volume 2); and
3) **The Single VAT Registration and Import One Stop Shop (IOSS)** (in Volume 3).

The above volumes are then complemented by the present Volume 4, providing a summary of consultation activities.

The purpose of the Report is two-fold: (i) **to assess the current situation** with regard to the three domains listed above; and (ii) **to assess the impacts of a number of possible policy initiatives in these areas**. The Report is then intended to feed into the preparation of an Impact Assessment (IA) by the European Commission to accompany possible legislative or non-legislative initiatives.

A draft version of this Report has been discussed with the Client at the Final Meeting on 13 October 2021; its findings have also been presented to the members of the VAT Expert Group and of the Group on the Future of VAT, and to selected stakeholders at a Fiscalis Event on 27-29 October 2021. The Report has been revised to take account of the feedback received.

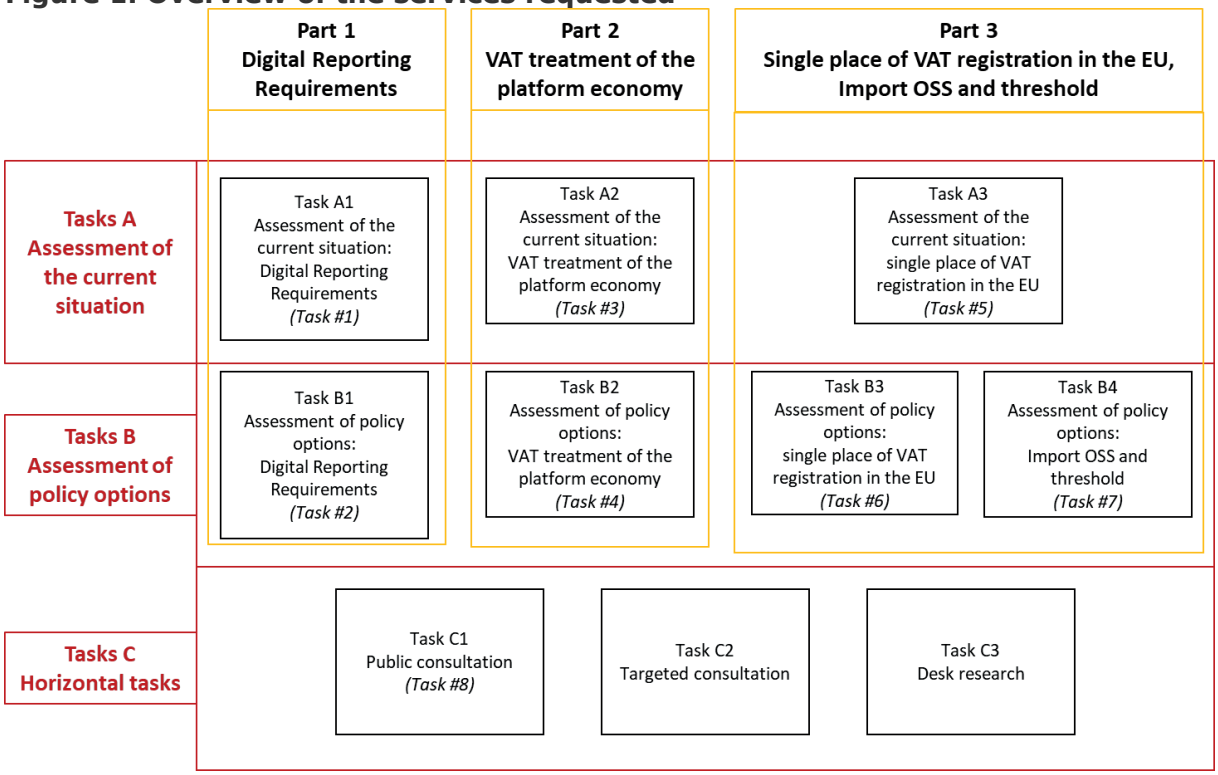
1.2. Recap of the tasks and methodology

As mentioned above, the Assignment requires an **assessment of the current situation** and the **likely impacts of a number of policy options** with regard to three topics related to VAT, and evolving technologies, digitalisation and innovative business models, i.e. DRRs, the platform economy, and VAT registration and the IOSS. To consistently complete the tasks required by the ToR, a matrix approach, per topic and per type of tasks, has been followed, as represented in Figure 1 below. The columns identify the various Parts of the Study, while the rows identify the three types of tasks, namely:

1) Tasks A, i.e. the **assessment of the current situation**;
2) Tasks B, i.e. the **assessment of the policy options and their impacts**; and
3) Tasks C, i.e. the **horizontal tasks for data collection and retrieval of information**.

[1] Based on the contract No. TAXUD/2020/DE/317 signed on October 2020.

Figure 1. Overview of the services requested



Note. In brackets: task numbering as per the Terms of Reference. Source. Authors' own elaboration.

The findings from Tasks A have been compiled in a policy-oriented '**problem definition**', in which the problems, together with their drivers and consequences, have been identified and assessed, whenever possible also providing a quantitative estimation of their magnitude. This section also includes a problem tree through which the causal relations between problems, drivers and consequences are graphically depicted.

Subsequently, the **policy objectives** of the initiatives are presented, together with a list of **policy options** to reach them (including those discarded at an early stage). The policy options have been defined in agreement with the Client and considering the feedback received from the Group on the Future of VAT and the VAT Expert Group, including their joint Sub-group 'VAT aspects of the platform economy'. This is then followed by the **analysis of the impacts** generated by the retained policy options (Tasks B).

The methodologies used for the various tasks are tailored to the issues at hand, and involved the use of techniques, analyses and data processing targeted to each Part of the Study. This goes especially for Tasks A, while a more closely-knit approach has been used for the identification of the relevant impacts and the comparison of options carried out within Tasks B. More details on the methodology employed are provided in each Volume.

Finally, given the nature of the Assignment, data collection and information retrieval activities have been carried out horizontally across the three tasks, in particular the public and targeted consultations.

1.3. Structure of Volume 4 – Consultation activities

Volume 4 is structured as follows:

- In Chapter 2, a summary of the targeted consultation activities is provided
- Chapter 3 presents the synopsis report of the public consultation [to be added once the consultation is concluded].

2. TARGETED CONSULTATION

In total about 272 stakeholders participated to consultation activities, including 25 during the familiarisation interviews and 247 during the targeted consultation.

Targeted consultation. The Targeted Consultation spanned over 15 Member States. More in detail, for Part 1 and Part 2, the sample consists of 12 Member States each, resulting in nine core Member States, relevant to both Parts, as well as three Part-specific-countries. For Part 3, the sample is smaller, as it consists of ten Member States. The sample is shown in Table 1 below.

Table 1. Sample for the targeted consultation

		Region	Size	Part 1: Digital reporting requirements	Part 2: Platform economy	Part 3: Single VAT registration
1	Czechia	CE	M			
2	Estonia[2]	CE	S			
3	France	NW	L			
4	Germany	NW	L			
5	Hungary	CE	S			
6	Italy	S	L			
7	The Netherlands	NW	M			
8	Poland	CE	L			
9	Spain	S	L			
10	Portugal	S	M			
11	Greece	S	M			
12	Finland	NW	S			
13	Austria	NW	S			
14	Denmark	NW	S			
15	Sweden	NW	M			

Notes. NW: North-Western; CE: Central-Eastern; S: Southern. S: Small; M: Medium; L: Large. In green: Member States included in the part-specific samples; in dark blue: Member States not included in the part-specific samples.
Source. Authors' own elaboration.

Given the multi-faceted nature of the Study, the consultation strategy (shown in Table 2 below) had to identify which category of stakeholders was relevant for each part of the Study. This was done, first, to ensure that the necessary primary information could be collected; secondly, to limit the burden on interviewees, by focusing the exchange on the themes that were most relevant to them.

[2] Despite contacting a very large number of local business federations and VAT practitioners, and activating additional contacts within the Study team, it was not possible to enrol in the targeted consultation for Part 1 – Reporting requirements Estonian businesses. The businesses contacted provided several reasons, in particular the lack of sufficient resources and expertise. Also, differently from other Member States, local business federations could provide no support in reaching out to businesses, mostly due to their limited available resources and lack of specific expertise on the subject matter. As a consequence, no data could be obtained on the costs and benefits of the local VAT listing system. To address this data gap, the Study team collected primary information from other countries (in particular Czechia), multinational companies and services providers. As other sources pointed out that the costs and benefits of transactional VAT listing systems are quite similar across countries, this data gap did not affect the quality of the estimates.

Table 2. Consultation strategy

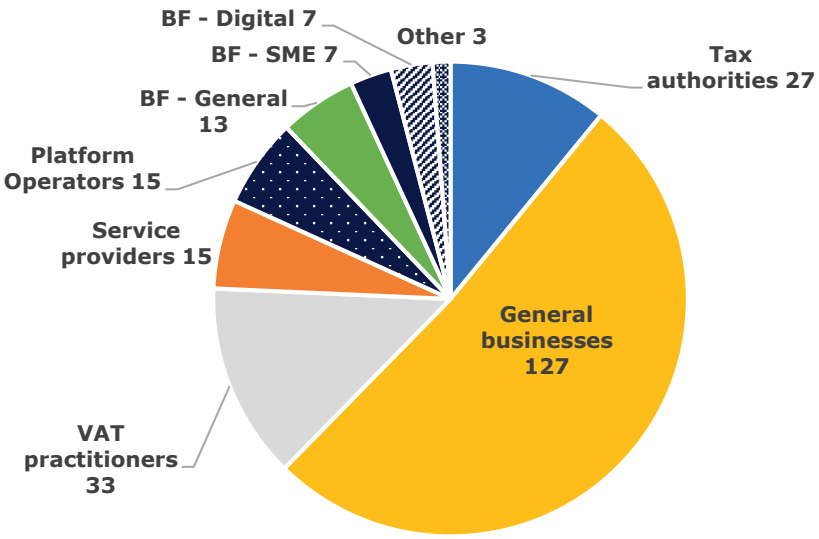
Part 1: Digital reporting requirements	Part 2: Platform economy	Part 3: Single VAT registration
Business Federations	**Business Federations**	**Business Federations**
• General BFs • SME BFs	• Digital BFs	• General BFs • SME BFs (including local associations)
Companies (only in Member States with digital reporting requirements)	**Platform operators**	**Companies**
• Large • SMEs • MNCs	• E-commerce • Other industries	• MNCs • Cross-border operators (including SMEs)
VAT experts	**VAT experts**	**VAT experts**
• Practitioners • Tax advisors	• Practitioners (lighter involvement, given legal mapping)	• Practitioners • Tax advisors
Service providers		**Others**
• Pan-European • National (in Member States with reporting requirements)		• Customs authorities, brokers
Tax Authorities	**Tax Authorities**	**Tax Authorities**
• Via interviews in all EU-27 (including non-sampled Member States)	• Via interviews in all EU-27 (including non-sampled Member States)	• Via interviews in all EU-27 (including non-sampled Member States)

Source. Authors' own elaboration.

In total, 247 stakeholders participated in the targeted consultation.

Figure 2 provides an overview of the distribution per stakeholder groups. Businesses represent the most important category with 157 stakeholders, of which 15 platform operators and 15 service providers. Company interviews were complemented with those with business federations (27, including 7 SME associations and 7 digital industry federations) and VAT practitioners (33 interviews). Among tax authorities, 15 interviews were carried out in the fieldwork Member States, and 12 written replies were received, therefore covering all EU Member States.

Figure 2. Targeted consultation – stakeholder coverage



Source. Authors' own elaboration.

In terms of geographical distribution (shown in Table 3), the bulk of stakeholders obviously originate from fieldwork Member States (185). This figure includes 71 stakeholders from Italy, where a business survey on the costs and benefits of the only e-invoicing system currently in place in the EU was carried out with the support of the local business federation, Confindustria. In addition, 14 stakeholders came from non-sample Member States (mostly the local tax authorities) and another interview was carried out with the Commission services; finally, 47 interviews involved multinational operators, including a number of non-EU based entities.

Table 3. Targeted consultation – geographical coverage

MS	# Stakeholders	MS	# Stakeholders
AT	5	HU	9
CZ	15	IT	71
DE	12	NL	4
DK	4	PL	15
EE	4	PT	10
EL	5	SE	5
ES	13	MNC	47
FI	6	Other	15
FR	7		

Source. Authors' own elaboration.

Familiarisation interviews. An initial round of interviews was conducted between October and December 2020 to identify the most important issues for subsequent examination and collecting broad insights on the topics covered by the three Parts of the Study, as well as to gather opinions on the likely impacts of possible policy interventions. Moreover, these interviews were functional for the collection of suggestions on available data sources, as well as for securing support by EU umbrella organisations representing national-level stakeholders, which have been contacted during the targeted consultation.

A total of 25 interviews were organised with public institutions and private stakeholders, following a tailored semi-structured list of themes and questions to allow sufficient flexibility during the discussion. The Study Team also took part in two focus group discussions, namely: (i) one organised within the framework of Business Europe's VAT Group meeting; and (ii) one with certain members from the European E-invoicing Service Providers Association. The interviews conducted involved different categories of stakeholders, namely 10 EU-level business federations; six institutional stakeholders (including five Commission services and the OECD), three VAT Practitioners or

federations thereof; four providers of eVAT services or federation thereof, and two Economic Operators.

2.1.1. Other information-gathering activities

Legal mapping exercise. The legal mapping exercise included the review of the national frameworks for the VAT treatment of the platform economy, as well as a number of questions relevant to Part 3 – VAT registration and OSS. The questionnaires were filled in by Mazars' local network in the 12 Member States covered by Part 2 fieldwork activities. Early results have been revised by the Consultants and further refined by local practitioners.

Desk review. A thorough desk-based research of available sources was conducted, aiming, firstly, at mapping the relevant sources available and, secondly, at acquiring an in-depth understanding of the issues at stake, and of the policy and operational environment. The desk research involved a vast range of different sources, including EU and country-level policy documents, scientific literature, industry and stakeholder reports, and other 'grey' literature. More specifically, the following categories of documents were collected and reviewed:

- **EU Policy documents.** This category included materials related to the VAT Directive provisions in the scope of the Assignment as well as other EU policy documents on related areas (e.g. VAT reporting mechanisms, regulatory treatment of the platform economy and customs rules). EU legal acts and communications dealing with the VAT system and specifically with the topics covered by the Assignment were also examined. In addition to the above, the Study Team reviewed other policy documents, including IA (e.g. IA on improving administrative cooperation on digital platforms-related information[3], IA on strengthening administrative cooperation in the field of VAT[4]), legislative proposals (e.g. 2013 proposal on a standard VAT return)[5], and Commission Action Plans (e.g. 2020 Action Plan on Fair and Simple taxation)[6]. The outputs (minutes, papers, presentations, etc.) of various events as well as of the work of advisory and expert groups of the Commission (e.g. VAT Committee, VEG, GFV, Fiscalis Workshop held in September 2020) were retrieved either through the CIRCABC portal or received from the Commission. Finally, various studies done for the European Commission over the last dozen years on topics related to the Study have been examined to retrieve existing secondary information[7].

- **Statistical sources**. Various databases have been used to retrieve quantitative information, especially in the context of the sectoral analysis of the VAT platform

[3] Commission Staff Working Document (SWD), Impact Assessment *Tax fraud and evasion – better cooperation between national tax authorities on exchanging information* accompanying the document *Proposal for a Council Directive amending Directive 2011/16/EU on administrative cooperation in the field of taxation*, SWD(2020) 131 final, Brussels, 15.7.2020.
[4] Commission Staff Working Document (SWD), *Impact Assessment accompanying the document Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010 as regards measures to strengthen administrative cooperation in the field of value added tax*, SWD(2017)428, 30.11.2017.
[5] Proposal for a Council Directive amending Directive 2006/112/EC on the common system of value added tax as regards a standard VAT return, COM(2013) 721 final, Brussels, 23.10.2013.
[6] Communication from the Commission to the European Parliament and the Council *An Action Plan for Fair and Simple Taxation Supporting the Recovery Strategy*, COM(2020) 312 final, Brussels, 15.7.2020.
[7] For example, Deloitte (2017), *Special scheme for small enterprises under the VAT Directive 2006/112/EC - Options for review*, Final Report; and PwC (2011*), Expert study on the issues arising from a reduced time frame and the options allowed for submitting recapitulative statements - Application of Article 263(1) of Directive 2006/112/EC (amended by Directive 2008/117/EC)*, Final Report.

economy. The assessment concerned both private sources[8] as well as public sources, such as Eurostat's national accounts and the Structural Business Statistics.

- **Country-specific sources**. The analysis focused on the retrieval and review of national pieces of legislation and policy documents concerning DRRs and the VAT treatment of the platform economy. The Study Team relied on primary acts, commentaries, guidelines and other procedural documents, as well as on periodic bulletins of leading tax practitioners. In the context of Part 1 of the Study, an in-depth review of the existing national mechanisms for DRRs was carried out for all Member States in which they are in place or forthcoming.

- **Other relevant material**. The desk research also covered (i) CJEU case-law on the VAT Directive and Implementing Regulation's provisions in the scope of the Assignment, to have a picture of existing interpretation difficulties, legal issues and discrepancies within the Single Market; (ii) policies and initiatives at international level, with particular emphasis on the work carried out by the OECD; and (iii) scientific and 'grey' literature, including thematic publications (e.g. the ICC's Practice Principles for CTCs implementation)[9], academic studies[10], reports and articles, as well as stakeholders' position papers, which proved to be a significant source for gathering information on the topics in the scope of the Assignment.

[8] For example, (i) Thomson Reuters' EIKON Refinitiv database; (ii) Dun & Bradstreet repository; and (iii) Crunchbase thematic database.
[9] International Chamber Of Commerce (ICC), Practice Principles for Implementation of Continuous Transaction Controls (CTCs), June 2020.
[10] For example, Urzì Brancati, C., Pesole, A., Fernández-Macías, E. (2020), *New evidence on platform workers in Europe. Results from the second COLLEEM survey*, and Baretta, G. (2019), *European VAT and the Sharing Economy*; Das, A. (2015), *An Introduction to Operations Management: The Joy of Operations,* at page 4.

3. PUBLIC CONSULTATION – SYNOPSIS REPORT

3.1. Overview

This Annex provides the analysis of the results of the Public Consultation (PC) carried out in the framework of the Assignment. The PC was launched on 20 January 2022, and it remained open until 5 May 2022, for a total of 15 weeks (i.e. for longer than the usual 12 weeks, to take into account of the Easter period). **A total of 193 responses were received, from 22 Member States and 5 non-EU countries.**

The PC questionnaire consisted of 71 questions[11], divided into four sections, including one introductory section about the respondent's profile, and three thematic sections. Questions targeted stakeholders' views on the adaption of VAT rules to the digital age, the use of digital technology to fight fraud and to benefit businesses. Views were sought for: (i) VAT reporting obligations and e-invoicing; (ii) the VAT treatment of the platform economy; and (iii) the use of a single VAT registration in EU.

The majority of thematic questions were general questions suitable for all type of respondents. However, across all three thematic sections, certain questions were limited to specific respondents, for example to those replying in a professional or personal capacity. For a more straightforward interpretation of answers, 'don't know' answers have been treated as blank answers and are not shown in this report. Not all questions were mandatory, meaning that the number of respondents varies across questions.

The stakeholders could upload additional documents at the end of the PC, and 55 respondents did so. A total of 62 documents was uploaded, of which 24 addressed Part 1 – Digital Reporting Requirements (DRRs), 9 added to their responses on the VAT treatment of the platform economy, 14 delved further into the Single VAT registration in the EU. 18 stakeholders noted further comments on all three parts of the Consultation. Belgian and German stakeholders were the most active in uploading further documents, with 18 and 11 respondents from the countries doing so, respectively. An additional 10 papers were added by stakeholders to the Call for Evidence.

The Synopsis Report reproduces the structure of the questionnaire. For every question, the statistics of responses is provided, as well as a brief descriptive commentary.

3.2. General section – About the respondents

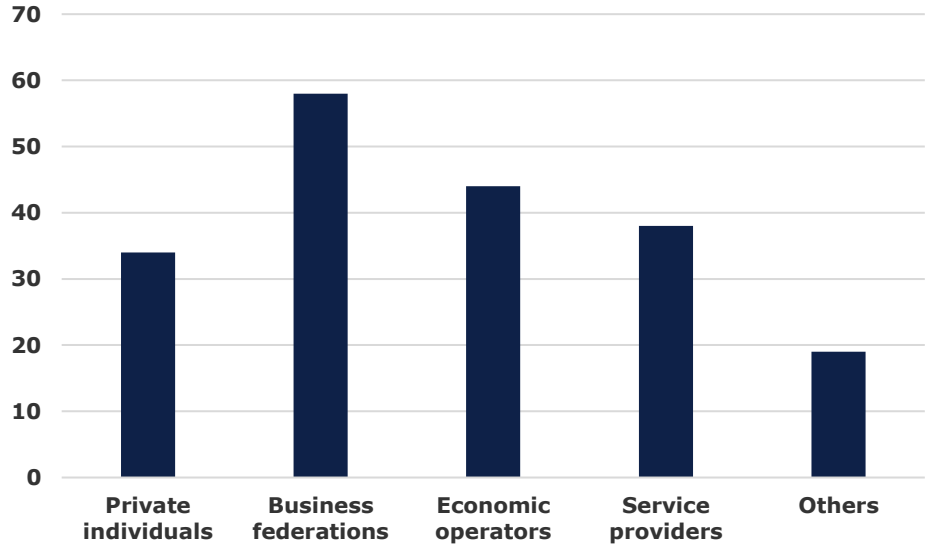
The Public Consultation resulted in a total of **193 valid responses**. **The vast majority – 159 – of respondents replied to the PC in their professional capacity or on behalf of their organisation**, while 34 private individuals (PI) answered in their personal capacity. Among professional respondents, business organisation/federation was the largest category with 58 replies, followed by the categories of company and VAT practitioner / VAT expert / tax advisor with 34 and 30 responses respectively. A lower number of participants was recorded for the categories of company – platform operator (9), self-employed person (1), provider of IT or tax compliance services (8), academic institution / think tank (2), public authority (5).

For the most part of the following analysis, professionals have been grouped into four categories: (i) Business Federations (BF), (ii) Economic Operators[12] (EO), Service

[11] This is not the number of questions posed to each respondent, as it includes duplications and filtered questions for respondents replying in different capacities.
[12] Combining the following sub-groups: (i) company, (ii) company – platform operators, and (iii) self-employed person.

Providers of Tax-Related Services[13] (SP), and Others[14] (O). In certain instances, the distinction will be limited to PIs and Business Stakeholders (BS), the latter combining BFs, EOs, and SPs.

Questions #2 & #8 – Type of Respondent



Across all respondents, **22 EU Member States are represented in the PC**. While private individuals answering come from 16 Member States, those replying in their professional capacity present 17 different Member States. Overall, **the country with the highest number of replies is Germany with a total of 54**, followed by Belgium with 29 respondents (due to the fact that a number of pan-EU organisation have their seat there). A considerable number of replies have also been registered from Italy (18), France (12), and Ireland (11). Non-EU countries are also prominently represented with 22 replies coming from outside the EU, namely from Brazil, Panama, Switzerland, the United Kingdom, and the United States. Among those, the United Kingdom shows the highest number of participants with 9.

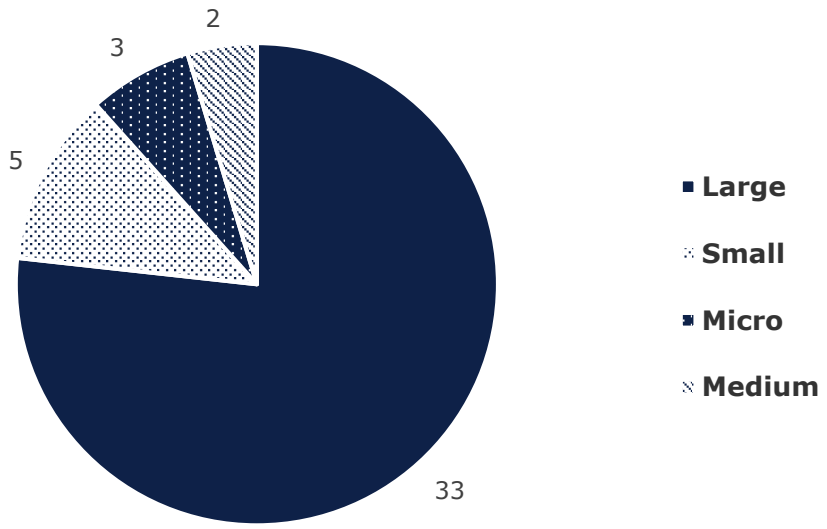
Questions #6 & #13 – Country of residence or organisation's country of main headquarter

Geographical origin of respondent	Number of respondents	Geographical origin of respondent	Number of respondents
Germany	54	Malta	2
Belgium	29	Austria	1
Italy	18	Bulgaria	1
France	12	Croatia	1
Ireland	11	Cyprus	1
Netherlands	8	Hungary	1
Finland	6	Luxembourg	1
Sweden	6	Romania	1
Poland	5	Slovak Republic	1
Spain	4	Non-EU countries	22
Czechia	3	**Total**	**193**
Greece	3		
Denmark	2		

[13] Combining the following sub-groups: (i) VAT practitioner / VAT expert / tax advisor, and (ii) provider of IT or tax compliance services.
[14] Combining the following sub-groups: (i) academic institution / think tank, (ii) public authority, and (iii) others.

Concerning the size of participating companies, **respondents represented predominantly large companies with 250 employees or more** (33 replies, i.e. more than three quarters of company respondents). Among the remaining companies, 3 responses were from micro companies with less than 10 employees, 5 from small-sized companies with 10 to 49 employees, and 2 from medium-sized ones with 50 to 249 employees.

Question #11 - If you represent a company, what is the size of the company?

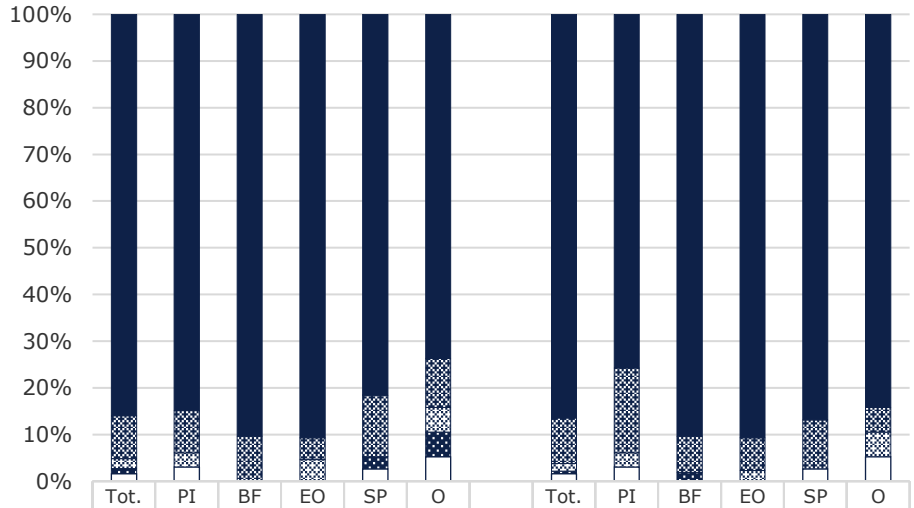


3.3. Part 1 – Digital Reporting Requirements

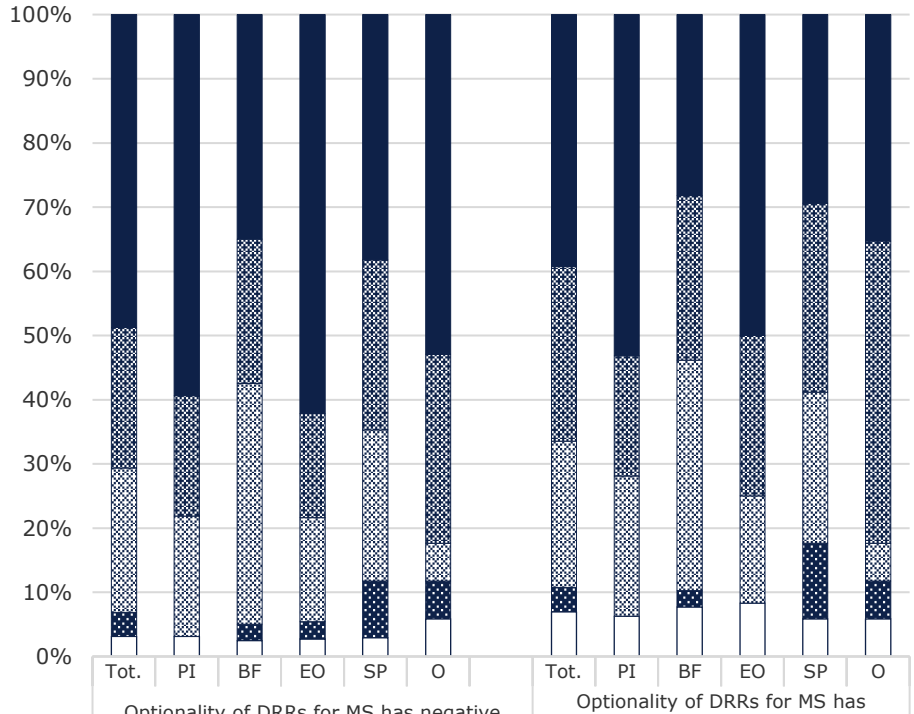
The first thematic part of the questionnaire deals with Digital Reporting Requirements (DRRs). It was open to all respondents, although certain questions were filtered according to the status of the respondent or preceding questions. The section deals with the various types of reporting and e-invoicing requirements.

Concerning the current situation, **a majority of all stakeholders views negative impacts stemming from the current situation with regards to DRRs**. Respondents agreed the most with the statements that the wide discretion left to Member States together with the lack of EU guidance result in a fragmented regulatory framework for DRRs, and that this fragmented regulatory framework is generating unnecessary costs for EU companies operating cross-border. Across all stakeholder groups, more than 80% of respondents agreed or partly agreed with those statements. Among business federations and economic operators, the rate is even higher with over 90% stating they agree or at least partly agree. At a lower rate (65-70% agree or partly agree), respondents also agreed to the statements that the optional nature of DRRs for Member States have a negative impact on the fight against VAT fraud intra-EU and domestically, respectively. Here, the agreement is strongest among private individuals, economic operators, and other stakeholders, while business federations and service providers had 'neither agree nor disagree' as the most common single reply.

Question #1.1 – Please express your agreement or disagreement with the following statements concerning the current situation



	Lack of guidance at EU-level results in fragmented regulatory framework							Regulatory fragmentation generates unnecessary costs for companies operating cross-border					
	Tot.	PI	BF	EO	SP	O		Tot.	PI	BF	EO	SP	O
Agree	159	28	47	39	31	14		160	25	47	39	33	16
Partly Agree	17	3	5	2	5	2		18	6	4	3	4	1
Neither agree nor disagree	4	1	0	2	0	1		3	1	0	1	0	1
Partly disagree	2	0	0	0	1	1		1	0	1	0	0	0
Disagree	3	1	0	0	1	1		3	1	0	0	1	1

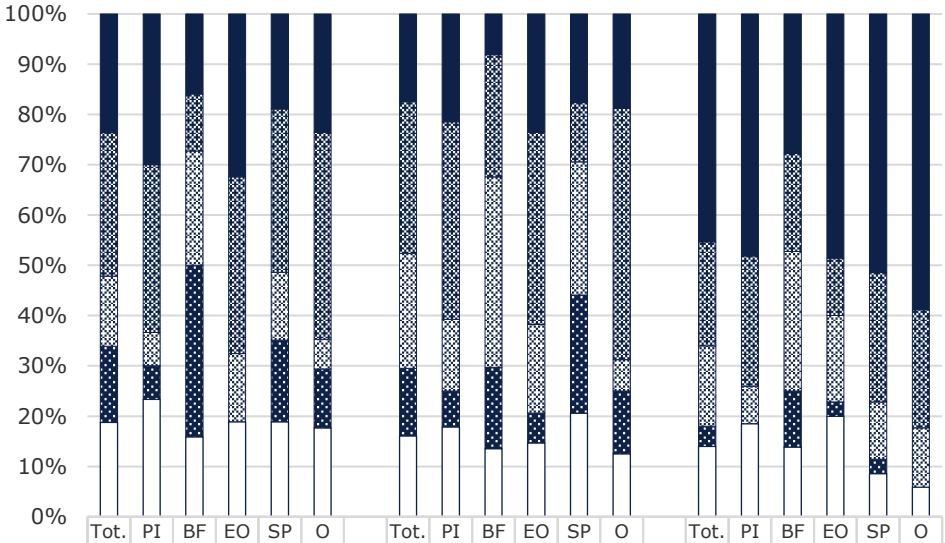


	Optionality of DRRs for MS has negative impacts on intra-EU fight vs. VAT fraud							Optionality of DRRs for MS has negative impacts on domestic fight vs. VAT fraud					
	Tot.	PI	BF	EO	SP	O		Tot.	PI	BF	EO	SP	O
Agree	78	19	14	23	13	9		62	17	11	18	10	6
Partly Agree	35	6	9	6	9	5		43	6	10	9	10	8
Neither agree nor disagree	36	6	15	6	8	1		36	7	14	6	8	1
Partly disagree	6	0	1	1	3	1		6	0	1	0	4	1
Disagree	5	1	1	1	1	1		11	2	3	3	2	1

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

As for recapitulative statements for intra-EU transactions, **around half of the respondents considered them at least partially effective in fighting intra-EU fraud, but also think their effectiveness could be improved**. Business federations found them less effective. Respondents did not consider recapitulative statements as effective in fighting VAT fraud as domestic DRRs. A clear majority of stakeholders agreed or partly agreed that recapitulative statements would be more effective in fighting intra-EU fraud if data is collected on a transaction-by-transaction (rather than per customer) basis and closer to the moment of the transaction. This statement generated marginally more disagreement from business federations and economic operators than from other groups.

Question #1.2 – Please express your agreement or disagreement with the following statements concerning the current functioning of recapitulative statements (also known as EC sales listing)

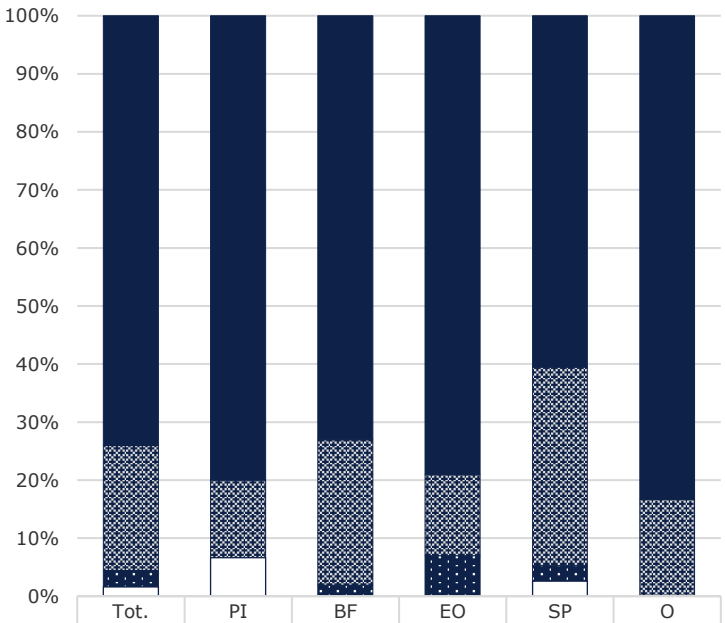


	Effective tool vs. intra-EU VAT fraud						Similar effectiveness as existing domestic reporting requirements						Would be more effective transaction-by-transaction and more timely					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Agree	39	9	7	12	7	4	26	6	3	8	6	3	68	13	10	17	18	10
Partly Agree	47	10	5	13	12	7	45	11	9	13	4	8	31	7	7	4	9	4
Neither agree nor disagree	23	2	10	5	5	1	34	4	14	6	9	1	24	2	10	6	4	2
Partly disagree	25	2	15	0	6	2	20	2	6	2	8	2	6	0	4	1	1	0
Disagree	31	7	7	7	7	3	24	5	5	5	7	2	21	5	5	7	3	1

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

The role of the EU in fostering the adoption of reporting and e-invoicing requirements was considered crucial by stakeholders. **Over two-thirds of respondent perceived to a large extent that EU action is necessary in ensuring a more widespread adoption of reporting and e-invoicing requirements**. This opinion was shared by a majority of respondents across all groups of stakeholders (only service providers perceived this to a more limited extent).

Question #1.3 – To what extent do you perceive that an EU action is necessary to ensure a more widespread adoption of reporting and e-invoicing requirements?

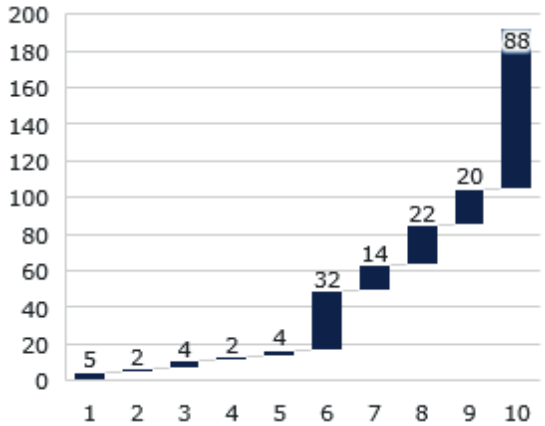


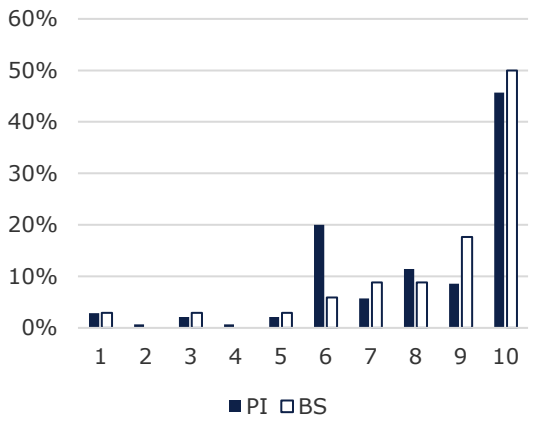
	Tot.	PI	BF	EO	SP	O
To a large extent	134	24	38	34	23	15
To a limited extent	39	4	13	6	13	3
Not at all	5	0	1	3	1	0
It would be contra productive	3	2	0	0	1	0

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

When asked whether the EU should promote uniform DRRs for domestic transactions or rather leave Member States free to adapt requirements to their local needs, **stakeholders expressed a strong preference for the EU to promote uniform DRRs for domestic transactions**. Across both private individuals and business stakeholders, the distribution was leaning towards DRRs being promoted at the EU-level, but private individuals showed a less pronounced preference in this direction compared to business stakeholders.

Question #1.4 – Should EU promote uniform digital reporting requirements for domestic transactions or rather leave Member States free to adapt reporting / e-invoicing requirements to their local needs? *[Please use the slider to select a value between 1 (Member States deciding individually) and 10 (promoted at EU level)]*

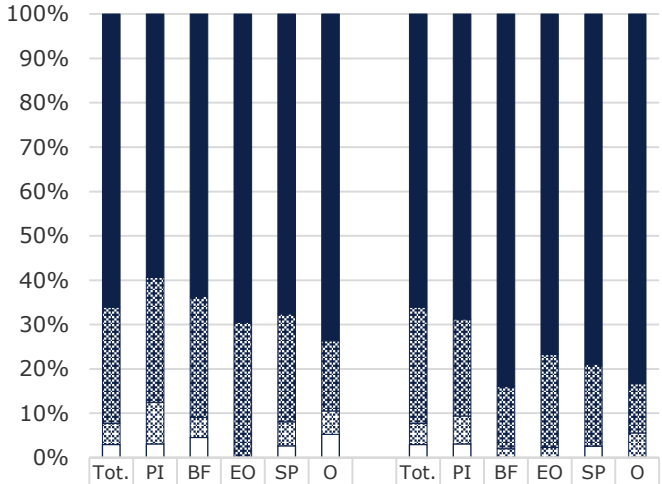




PI: Private Individuals; BS: Business Stakeholders. Note: 1=Member States deciding individually, 10=DRRs promoted at EU level.

In the case of an EU initiative in the field of DRRs, a majority of stakeholders agreed on the importance of its possible objectives. Across all groups, **almost all respondents viewed it as very important or important that possible EU initiatives both foster the adoption of digitally-savvy DRRs, and reduce the fragmentation of DRRs**.

Question #1.5 – Please rate the importance of the following objectives of a possible EU initiative in the field of DRRs.



	Foster adoption of DRRs optimising use of digital technologies						Reduce fragmentation of DRRs to largest extent possible					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Very important	111	19	28	25	25	14	111	22	42	33	30	15
Important	44	9	12	11	9	3	44	7	7	9	7	2
Not so important	8	3	2	0	2	1	8	2	1	1	0	1
Not important	5	1	2	0	1	1	5	1	0	0	1	0

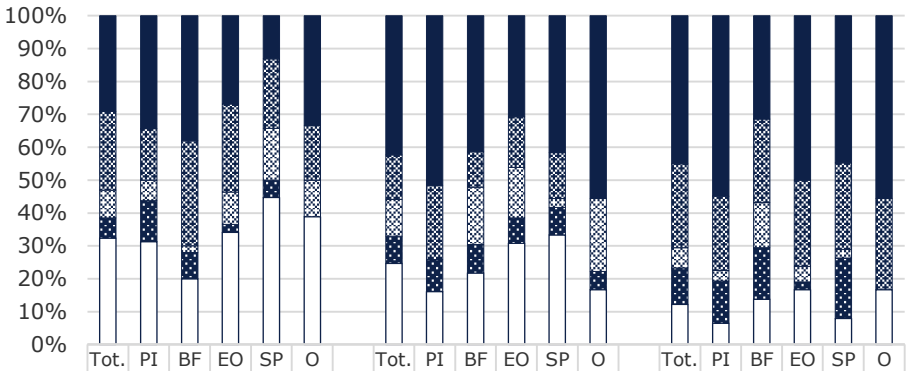
PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Of the suggested possible revisions, a majority of the stakeholders agreed, at least partly, to all of them. **The revisions with the most support include:**

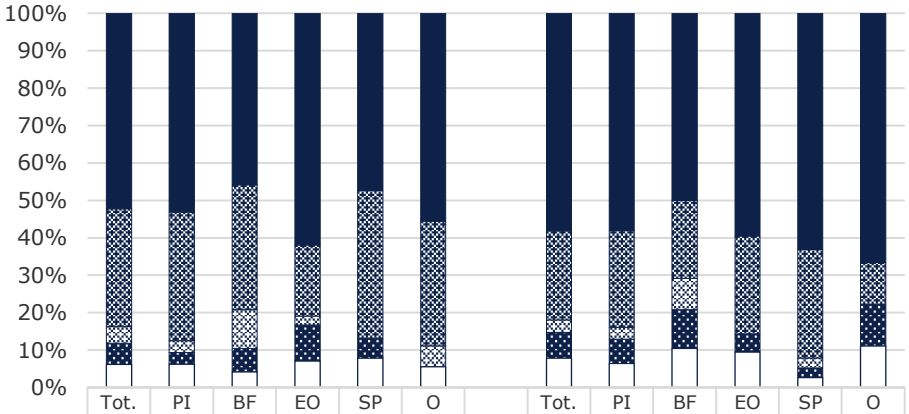
- **introduce an EU DRR for intra-EU transactions and harmonise existing systems for domestic transactions, and**
- **introduce an EU DRR for both intra-EU and domestic transactions**.

Agreement was less pronounced for recording data on VAT transactions in a standard digital format, adopting non-binding Commission recommendations providing a common design for reporting obligations across the EU, and for no longer requiring Member States to have to ask for an explicit derogation for introducing mandatory e-invoicing for B2B transactions. For the publishing of a non-binding recommendation, the disagreement among service providers and private individuals was higher than for other groups. Over one-third of responding economic operators disagreed at least partly with removing the need for an explicit derogation for Member States to introduce mandatory B2B e-invoicing.

Question #1.6 – What do you think about the following possible interventions aimed at reducing fragmentation of domestic digital reporting and improving the reporting of intra-EU transactions?



	Non-binding EC recommendation with common design for reporting obligations across EU						Remove derogation for MS to introduce mandatory e-invoicing for B2B transactions						Require taxpayers to record VAT data in standard digital format					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Agree	52	11	19	11	5	6	72	16	19	12	15	10	81	17	16	21	17	10
Partly Agree	43	5	16	11	8	3	23	7	5	6	5	0	46	7	13	11	10	5
Neither agree nor disagree	15	2	1	4	6	2	19	0	8	6	1	4	11	1	7	2	1	0
Partly disagree	11	4	4	1	2	0	14	3	4	3	3	1	20	4	8	1	7	0
Disagree	58	10	10	14	17	7	42	5	10	12	12	3	22	2	7	7	3	3

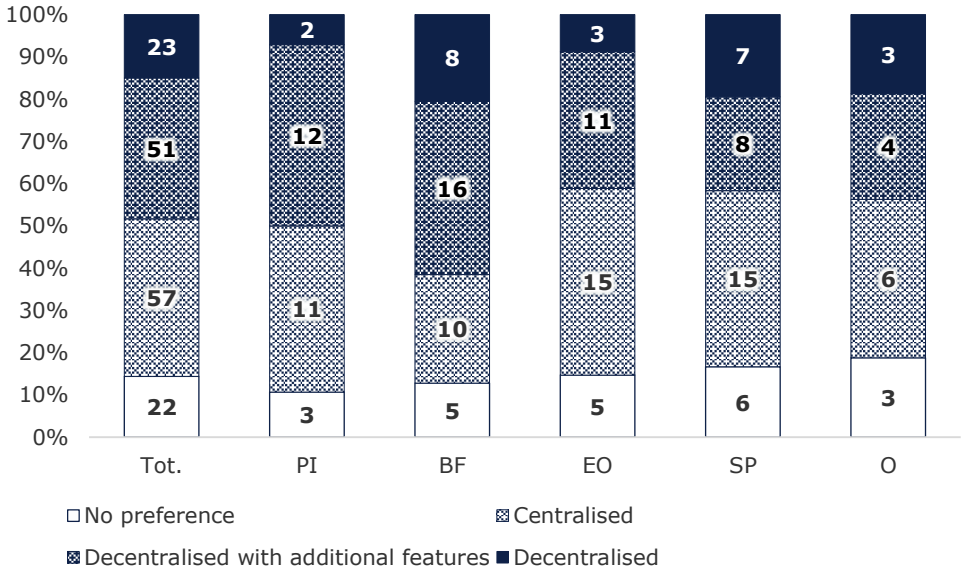


	EU DRR for intra-EU transactions and harmonisation of existing domestic systems						EU DRR for both intra-EU and domestic transactions					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Agree	93	17	22	26	18	10	103	18	24	25	24	12
Partly Agree	56	11	16	8	15	6	42	8	10	11	11	2
Neither agree nor disagree	8	1	5	1	0	1	6	1	4	0	1	0
Partly disagree	10	1	3	4	2	0	12	2	5	2	1	2
Disagree	11	2	2	3	3	1	14	2	5	4	1	2

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

When it comes to exchanging information on intra-EU transactions between Member States, **stakeholders were fairly split between preferring a decentralised or a centralised model**. Overall, a centralised model showed the highest support, but, if added together, the decentralised option and the option of a decentralised model with additional features gained more consensus. Economic operators and service providers indicated a stronger support for a centralised model than others, while business federations preferred a decentralised one, ideally with additional features.

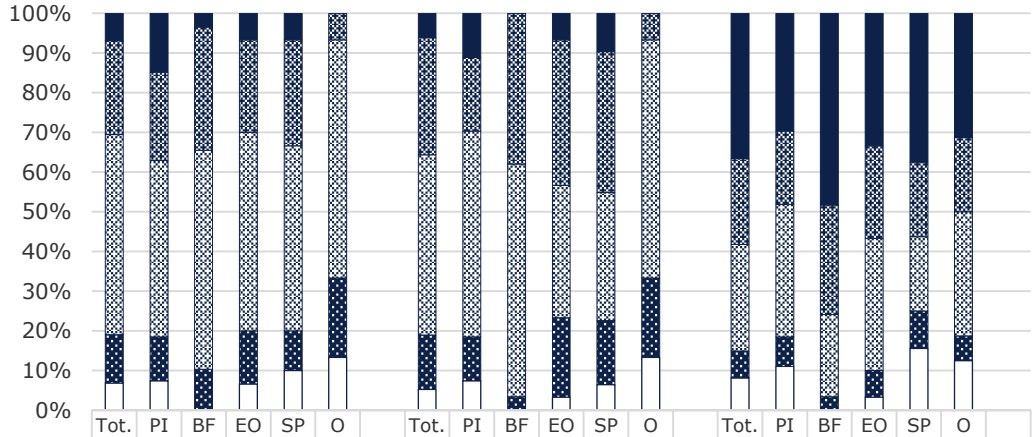
Question #1.7 – For the exchanges of information on intra-EU transactions between Member States, different IT systems can be envisaged: from a decentralised model (a VIES-like system), with possible additional features, to a centralised system where information is stored at a central level. What is your preference?



PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

In assessing the risks in terms of data protection, **respondents viewed the centralised model as the one with the highest data confidentiality risk**. A decentralised model, possibly with additional features, gathered more confidence among stakeholders, with around two-thirds of replies assessing the risk to be average or lower. In these cases, less than or around one third of respondents viewed the risk as high or very high.

Question #1.8 – How do you rate the risks in terms of data protection?



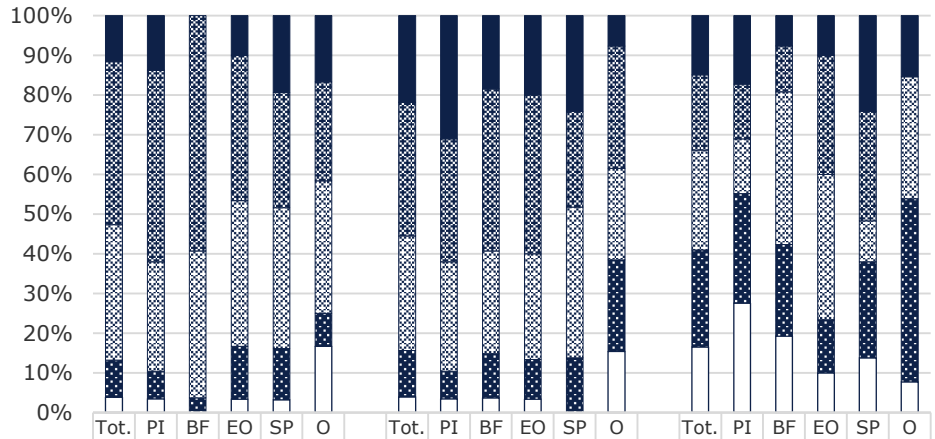
	Decentralised model						Decentralised model with additional features						Centralised system					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Very high risk	9	4	1	2	2	0	8	3	0	2	3	0	49	8	14	10	12	5
High risk	31	6	9	7	8	1	39	5	11	11	11	1	29	5	8	7	6	3
Average risk	66	12	16	15	14	9	60	14	17	10	10	9	36	9	6	10	6	5
Low risk	16	3	3	4	3	3	18	3	1	6	5	3	9	2	1	2	3	1
Very low risk	9	2	0	2	3	2	7	2	0	1	2	2	11	3	0	1	5	2

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Rating the models with regards to their interoperability with national systems, **stakeholders assessed the interoperability of a decentralised system as more**

difficult. For the centralised model, stakeholders were fairly evenly split across their assessments, but more participants thought it would be easy or very easy to ensure interoperability.

Question #1.9 – How do you rate the difficulties in terms of interoperability with national systems?

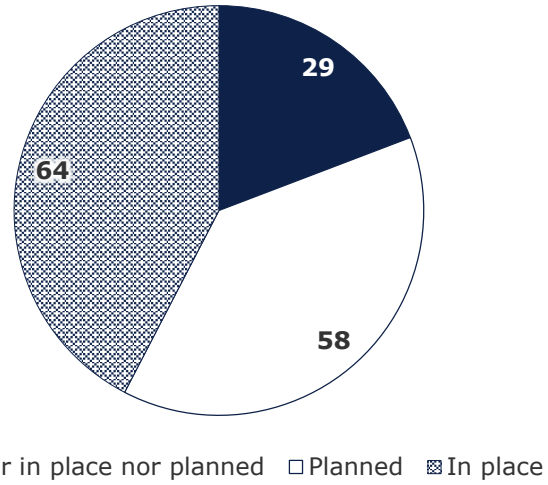


	Decentralised model						Decentralised model with additional features						Centralised system					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Very difficult	15	4	0	3	6	2	28	9	5	6	7	1	19	5	2	3	7	2
Difficult	53	14	16	11	9	3	43	9	11	12	7	4	24	4	3	9	8	0
Neither difficult nor easy	44	8	10	11	11	4	37	8	7	8	11	3	32	4	10	11	3	4
Easy	12	2	1	4	4	1	15	2	3	3	4	3	31	8	6	4	7	6
Very easy	5	1	0	1	1	2	5	1	1	1	0	2	21	8	5	3	4	1

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Concerning existing reporting and e-invoicing requirements, **about one-third of replies come from countries with reporting or e-invoicing requirements in place**. Slightly less respondents live or operate in countries that have such requirements planned.

Question #1.10 – Do you know whether, in your country, reporting / e-invoicing requirements are in place or planned?

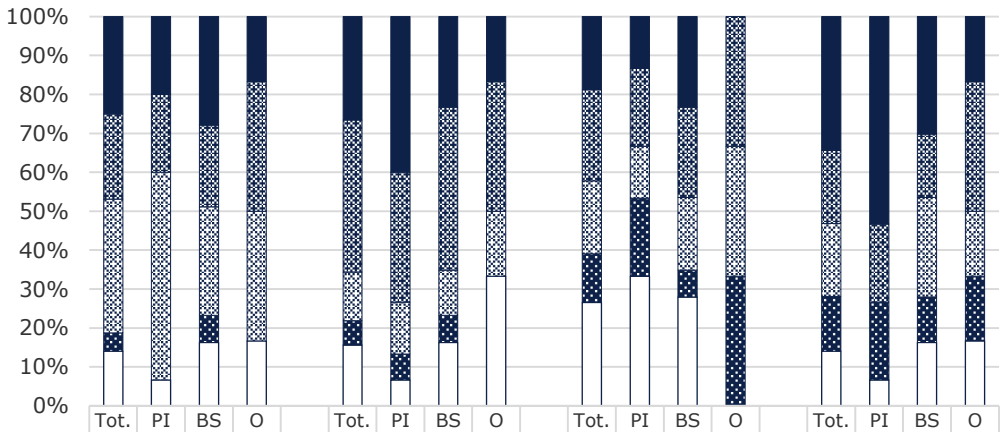


Among **replies coming from countries with reporting or e-invoicing requirements in place,** the effects for which a majority of respondents perceive a strong or moderate intensity were (i) significant compliance costs for companies operating cross-border, (ii) a lack of support from tax authorities, and (iii) limited time

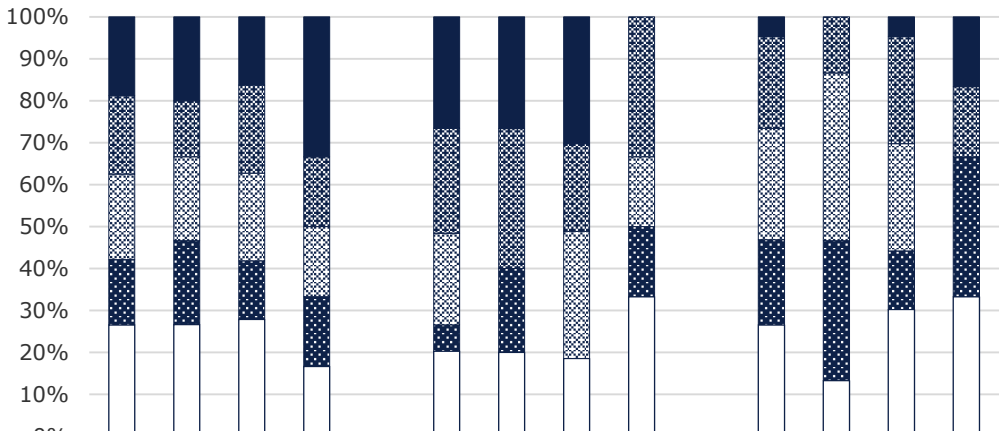
to handle error and warning messages. In particular business stakeholders were concerned with compliance costs for cross-border operators.

Significant compliance costs for the overall business population were reported by more than two-thirds of respondents, but most answers assessed the intensity of this effect as minor. More than half of the stakeholders considered that national DRR systems do not allow for sufficient time to implement changes in IT systems, or feature too frequent changes to requirements, and generate risks to the confidentiality of transaction and invoice data. Concerning those effects, more than one-third of stakeholders thought it was too early to experience them, or they did not observe them at all.

Question #1.11 – In your experience, which of the following effects (and their intensity) did you observe after the introduction of digital reporting / e-invoicing requirements in your Member State?



	Significant compliance costs				Significant compliance costs for cross-border operators				Insufficient time allowed to implement IT system changes				Lack of support from tax authorities			
	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O
Strong	16	3	12	1	17	6	10	1	12	2	10	0	22	8	13	1
Moderate	14	3	9	2	25	5	18	2	15	3	10	2	12	3	7	2
Minor	22	8	12	2	8	2	5	1	12	2	8	2	12	0	11	1
Not observed	3	0	3	0	4	1	3	0	8	3	3	2	9	3	5	1
Too early to tell / don't know	9	1	7	1	10	1	7	2	17	5	12	0	9	1	7	1

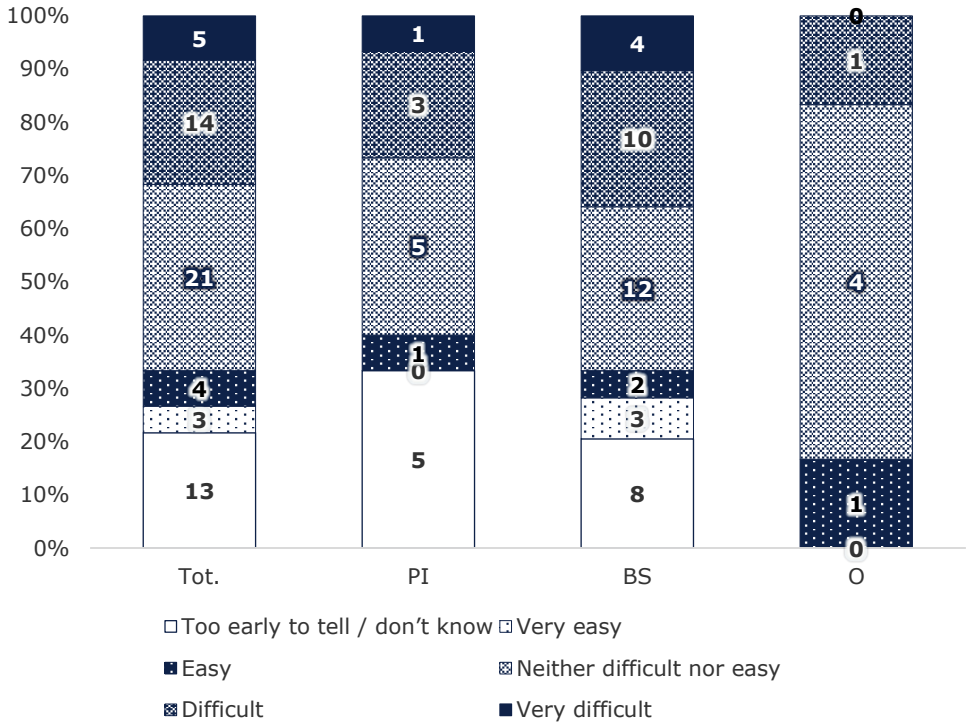


	Frequent changes to requirements				Limited time to handle error and warning messages				Risks to data confidentiality			
	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O
Strong	12	3	7	2	17	4	13	0	3	0	2	1
Moderate	12	2	9	1	16	5	9	2	14	2	11	1
Minor	13	3	9	1	14	0	13	1	17	6	11	0
Not observed	10	3	6	1	4	3	0	1	13	5	6	2
Too early to tell / don't know	17	4	12	1	13	3	8	2	17	2	13	2

PI: Private Individuals; BS: Business Stakeholders; O: Others.

The compliance with existing reporting and e-invoicing requirements did not appear to be a significant difficulty for a majority of responding stakeholders. Around one-third of the respondents said that complying with the requirements is either very difficult or difficult. Another third viewed the compliance as neither difficult nor easy. Business stakeholders assessed compliance to be more difficult in comparison to other respondents.

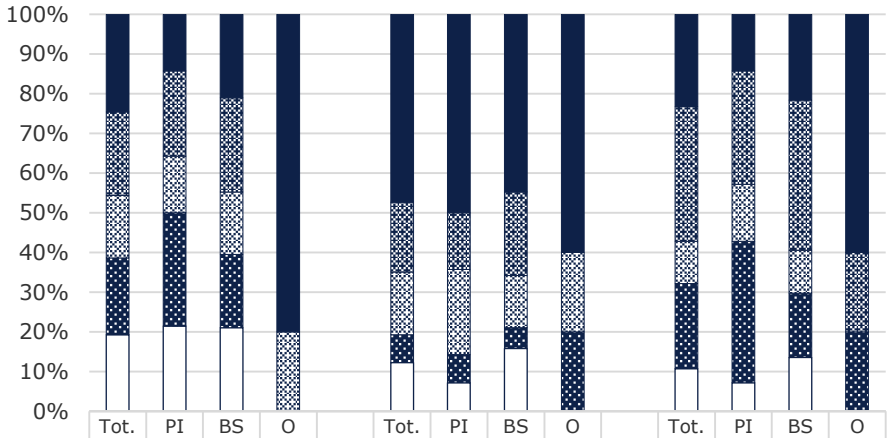
Question #1.12 – To comply with digital reporting / e-invoicing requirements is:



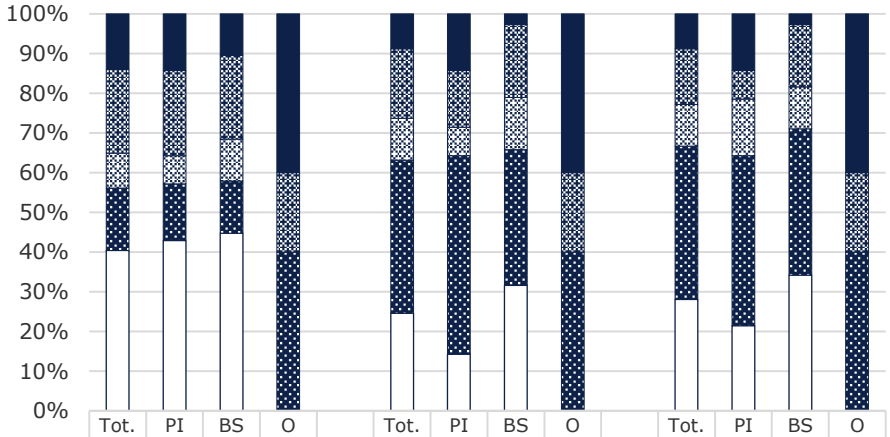
PI: Private Individuals; BS: Business Stakeholders; O: Others.

Confronted with outcomes after the introduction of reporting and e-invoicing requirements, **a majority of stakeholders replied that significant benefits have manifested**. A majority of responding stakeholders saw major or moderate benefits because of the promotion of structured e-invoices, quicker invoicing processes, and business automation. Business stakeholders in particular viewed a quicker invoicing process as a beneficial outcome. Around one-third also assessed major or moderate benefits to come from quicker audits, but most participating stakeholders qualified it as being too early to tell. At least minor benefits were mentioned by one-third of respondents to come from fewer audits, fewer information requests, the pre-filling of VAT returns, and the removal of other VAT obligations, but the single answer provided most often for those four outcomes was that these benefits have not materialised. Quicker VAT reimbursements were not perceived as a significant benefit.

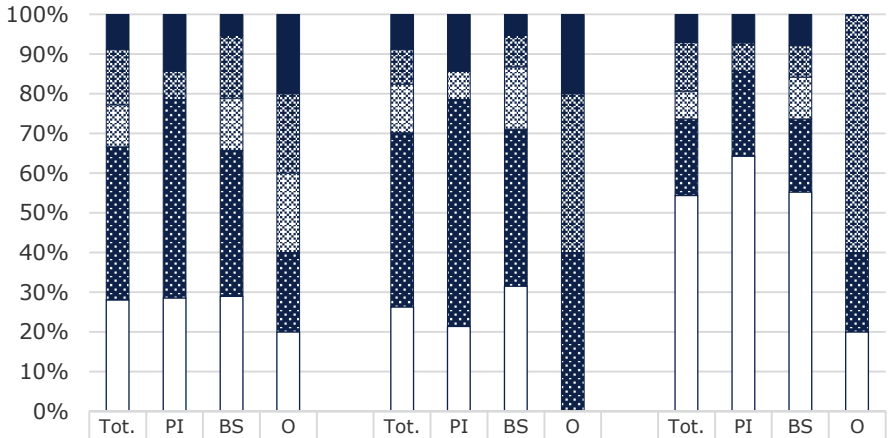
Question #1.13 – To which extent the following outcomes have materialised after the introduction of digital reporting / e-invoicing requirements:



	Promotion of use of structured e-invoices				Quicker invoicing process				Business automation gains			
	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O
Major benefit	14	2	8	4	27	7	17	3	13	2	8	3
Moderate benefit	12	3	9	0	10	2	8	0	19	4	14	1
Minor benefit	9	2	6	1	9	3	5	1	6	2	4	0
Not a benefit	11	4	7	0	4	1	2	1	12	5	6	1
Too early to tell / don't know	11	3	8	0	7	1	6	0	6	1	5	0



	Quicker audits				Fewer audits				Fewer information requests			
	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O
Major benefit	8	2	4	2	5	2	1	2	5	2	1	2
Moderate benefit	12	3	8	1	10	2	7	1	8	1	6	1
Minor benefit	5	1	4	0	6	1	5	0	6	2	4	0
Not a benefit	9	2	5	2	22	7	13	2	22	6	14	2
Too early to tell / don't know	23	6	17	0	14	2	12	0	16	3	13	0

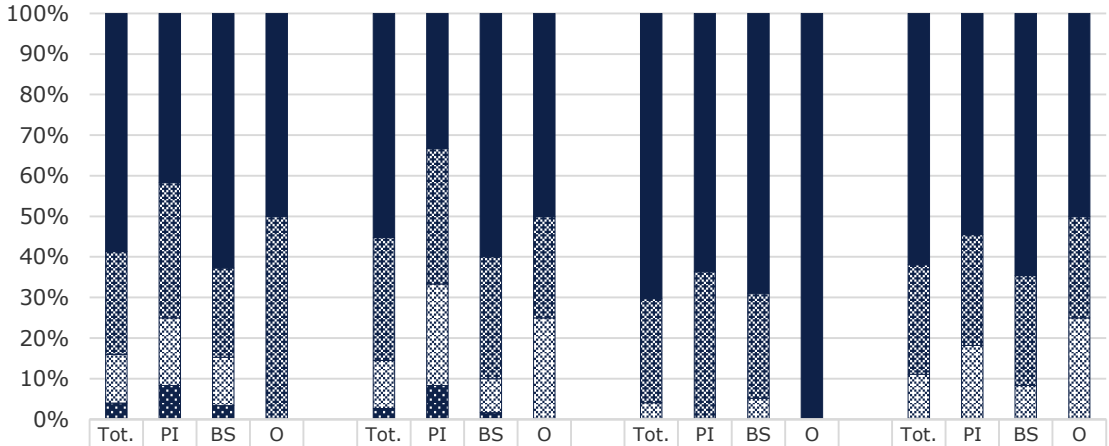


	Pre-filling of VAT returns				Removal of other VAT obligations				Quicker VAT reimbursements			
	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O
Major benefit	5	2	2	1	5	2	2	1	4	1	3	0
Moderate benefit	8	1	6	1	5	0	3	2	7	1	3	3
Minor benefit	6	0	5	1	7	1	6	0	4	0	4	0
Not a benefit	22	7	14	1	25	8	15	2	11	3	7	1
Too early to tell / don't know	16	4	11	1	15	3	12	0	31	9	21	1

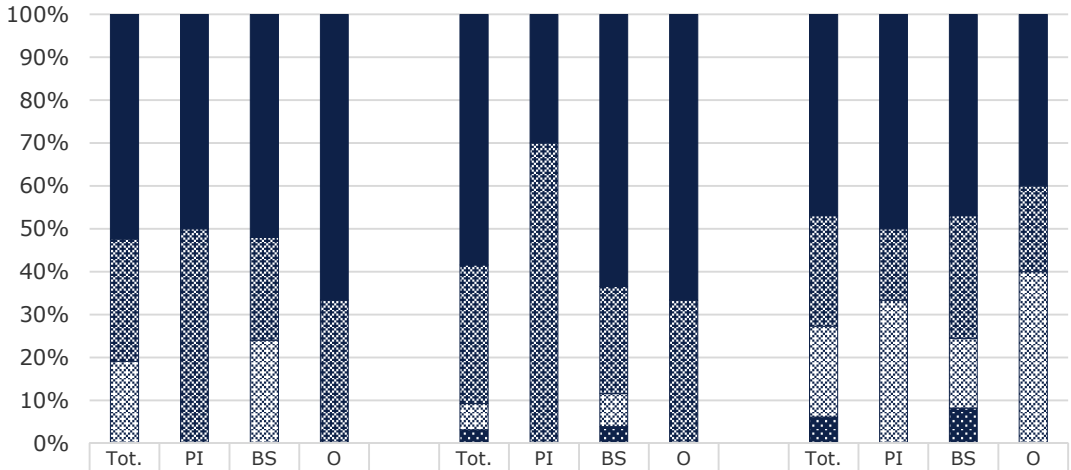
PI: Private Individuals; BS: Business Stakeholders; O: Others.

For those stakeholders not established or resident in countries with reporting or e-invoicing requirements, all seven suggested possible outcomes were deemed likely after the introduction of reporting and e-invoicing requirements. Around two-thirds of respondents viewed a major or moderate risk of the following outcomes materialising: significant compliance costs; significant compliance costs for companies operating cross-border; insufficient time allowed to implement changes to IT systems; lack of support from tax authority; frequent changes to requirements; limited time to handle error and warning messages; and risks to the confidentiality of data. Business stakeholders were most concerned about the risks of insufficient time to implement IT system changes and a lack of support from tax authorities materialising.

Question #1.14 – Which of the following outcomes risk materialising after the introduction of digital reporting / e-invoicing - requirements?



	Significant compliance costs				Significant compliance costs for cross-border operators				Insufficient time allowed to implement IT system changes				Lack of support from tax authorities			
	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O
Major risk	44	5	37	2	42	4	36	2	52	7	40	5	39	6	31	2
Moderate risk	19	4	13	2	23	4	18	1	19	4	15	0	17	3	13	1
Minor risk	9	2	7	0	9	3	5	1	3	0	3	0	7	2	4	1
Not a risk	3	1	2	0	2	1	1	0	0	0	0	0	0	0	0	0

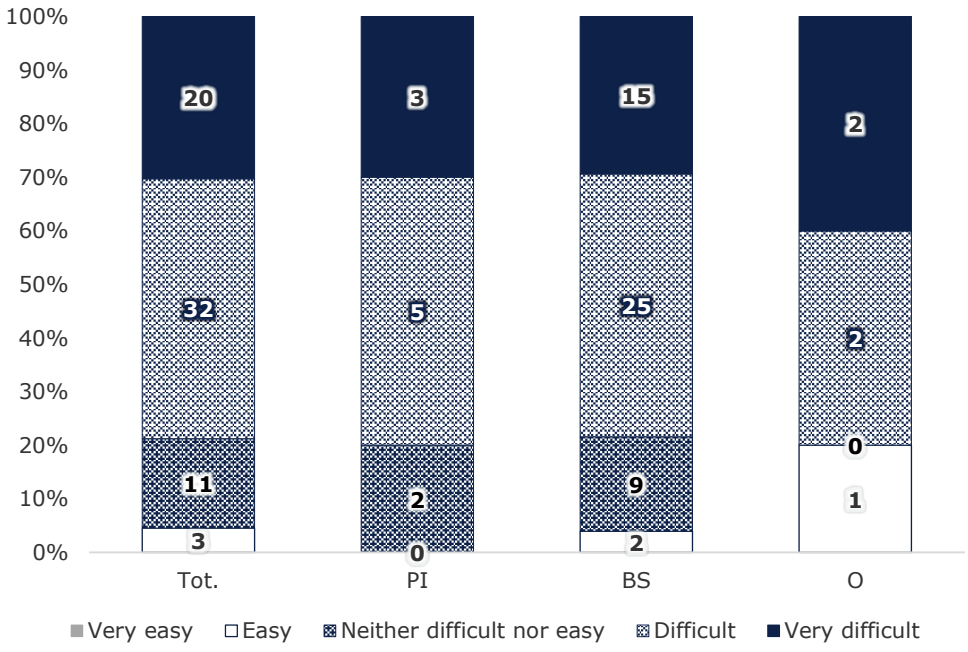


	Frequent changes to requirements				Limited time to handle error and warning messages				Risks to data confidentiality			
	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O
Major risk	33	5	26	2	38	3	33	2	31	6	23	2
Moderate risk	18	5	12	1	21	7	13	1	17	2	14	1
Minor risk	12	0	12	0	4	0	4	0	14	4	8	2
Not a risk	0	0	0	0	2	0	2	0	4	0	4	0

PI: Private Individuals; BS: Business Stakeholders; O: Others.

With regards to the expected difficulty of compliance, **a majority thought that compliance with digital reporting and e-invoicing requirements is going to be very difficult or difficult**. None of the respondents expected compliance to be very easy and only a marginal number of answers was assuming it is going to be easy.

Question #1.15 – To comply with digital reporting / e-invoicing requirements is going to be:

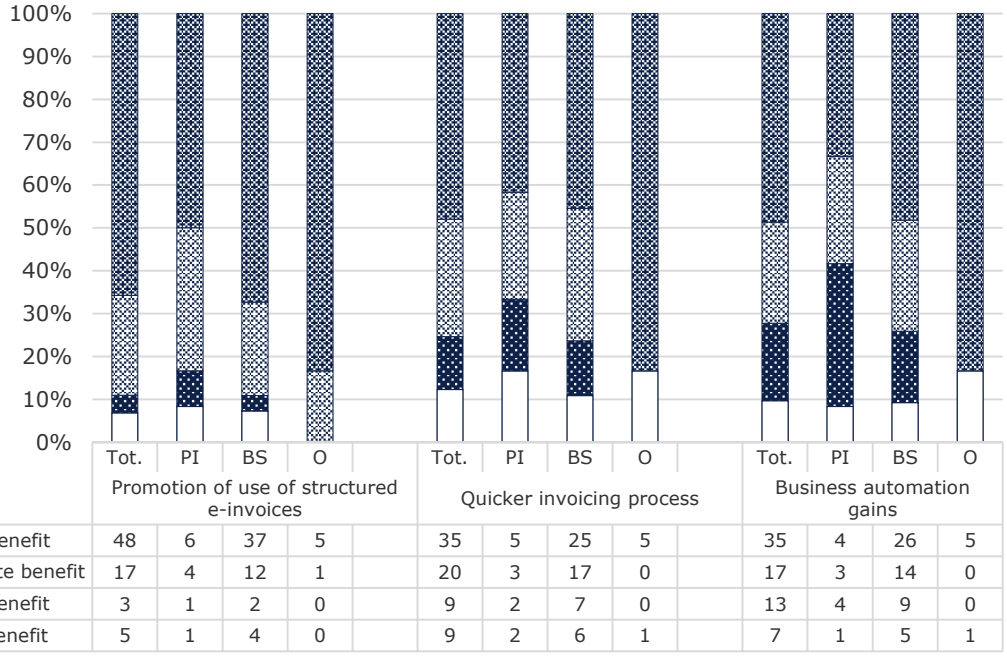


PI: Private Individuals; BS: Business Stakeholders; O: Others.

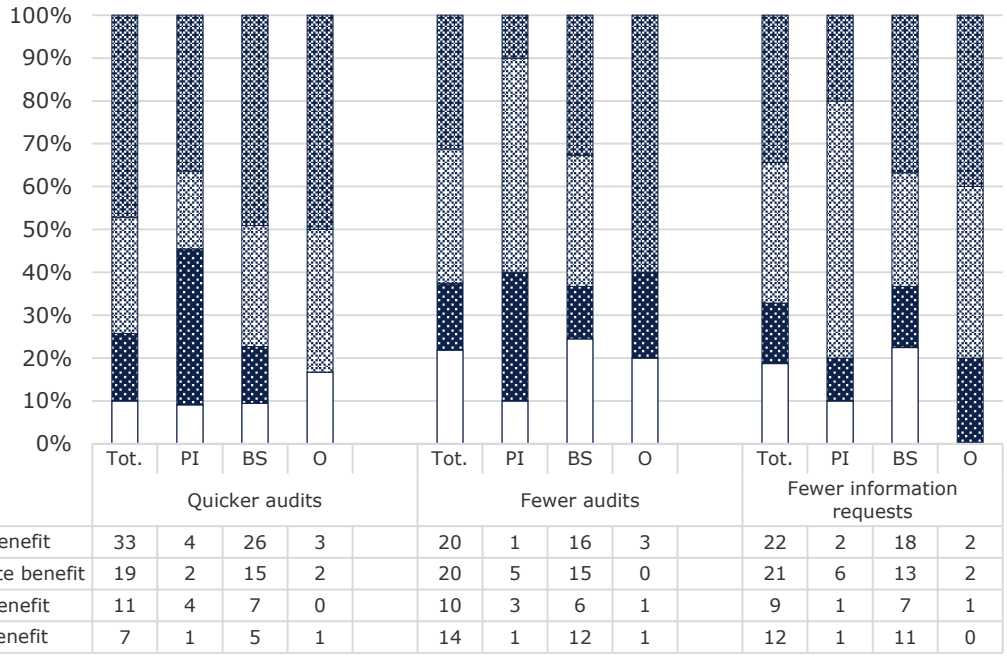
Concerning possible effects of the introduction of DRRs, **major or moderate benefits were expected to materialise for all nine suggested outcomes by a majority of participating stakeholders**. The most positive expectations were expressed for the promotion of structured e-invoices, for quicker invoicing processes, for quicker audits, for fewer information requests, removal of other VAT obligations, and for quicker VAT reimbursements, for which more than two-thirds of replies expected major or moderate

benefits. Around two-thirds of respondents also expected major or moderate benefits to manifest from business automation gains, fewer audits, and pre-filling of VAT returns.

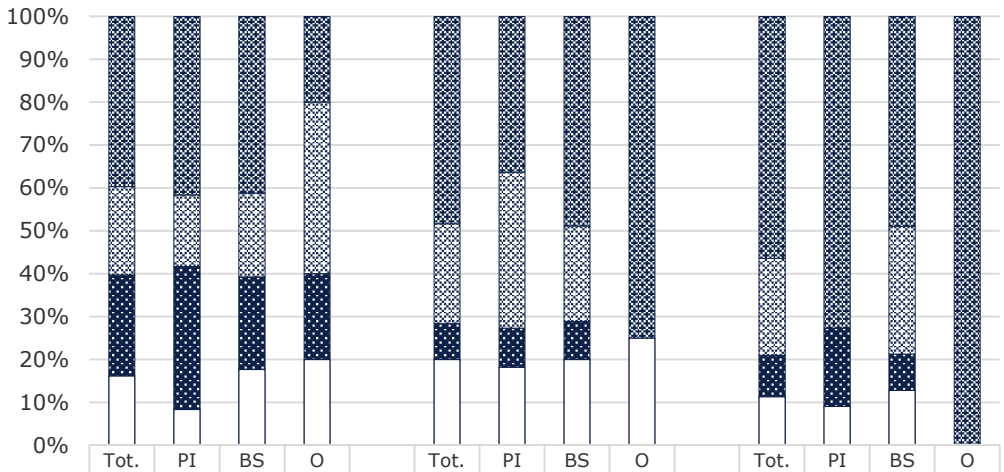
Question #1.16 – To which extent do you expect the following outcomes to materialise after the introduction of digital reporting / e-invoicing requirements:



	Promotion of use of structured e-invoices				Quicker invoicing process				Business automation gains			
	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O
Major benefit	48	6	37	5	35	5	25	5	35	4	26	5
Moderate benefit	17	4	12	1	20	3	17	0	17	3	14	0
Minor benefit	3	1	2	0	9	2	7	0	13	4	9	0
Not a benefit	5	1	4	0	9	2	6	1	7	1	5	1



	Quicker audits				Fewer audits				Fewer information requests			
	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O
Major benefit	33	4	26	3	20	1	16	3	22	2	18	2
Moderate benefit	19	2	15	2	20	5	15	0	21	6	13	2
Minor benefit	11	4	7	0	10	3	6	1	9	1	7	1
Not a benefit	7	1	5	1	14	1	12	1	12	1	11	0



	Pre-filling of VAT returns				Removal of other VAT obligations				Quicker VAT reimbursements			
	Tot.	PI	BS	O	Tot.	PI	BS	O	Tot.	PI	BS	O
Major benefit	27	5	21	1	29	4	22	3	35	8	23	4
Moderate benefit	14	2	10	2	14	4	10	0	14	0	14	0
Minor benefit	16	4	11	1	5	1	4	0	6	2	4	0
Not a benefit	11	1	9	1	12	2	9	1	7	1	6	0

PI: Private Individuals; BS: Business Stakeholders; O: Others.

The additional comments provided to this section can be grouped under the following main themes:

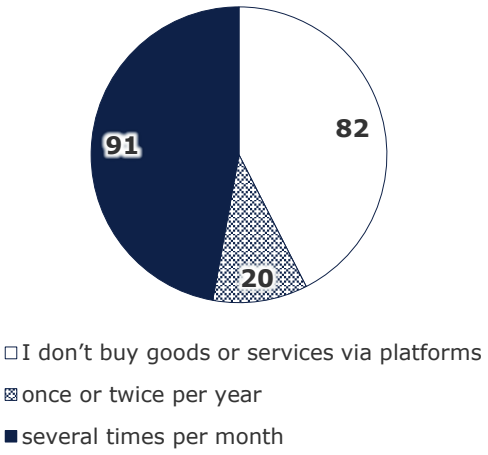
- There is an urgent need for an EU-level standard, which should be limited – at least at first – to intra-EU transactions. At the same time, domestic systems should share an obligatory basis to avoid further fragmentation. Existing models at the EU-level should be maintained and further developed for this purpose, namely the CEN Norm 16931.
- The granted derogations have led to a fragmented situation across the EU, which creates barriers for economic operators in entering markets in certain Member States. This creates particular problems for SMEs. Mandatory e-invoicing might be favourable for economic operators, as DRRs potentially require further administrative work.
- SMEs must be supported when it comes to DRRs and e-invoicing, for example through cost-free software or by allowing hybrid file formats.
- The data to be submitted and stored should be kept to a minimum in order to reduce the risk to data confidentiality.

3.4. Part 2 – The VAT Treatment of the Platform economy

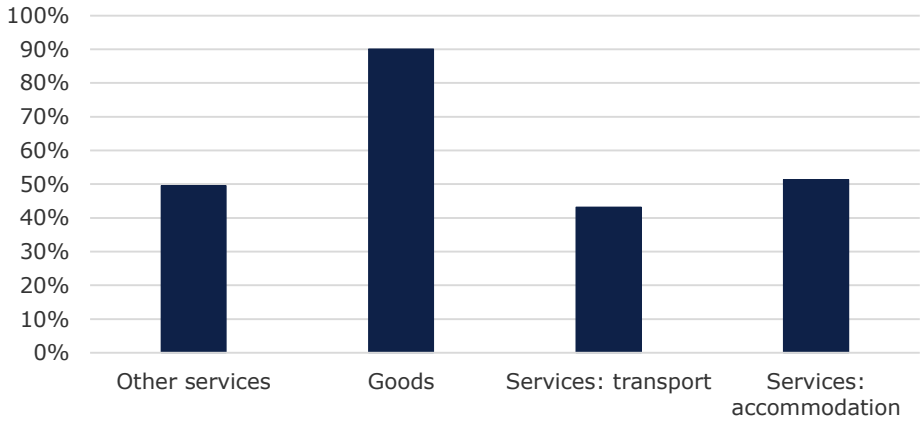
The second thematic section of the questionnaire concerns itself with the VAT treatment of the platform economy. The questions under this section were also open to all participants, but certain questions were filtered according to the respondent's capacity or preceding questions. In addition, this part of the questionnaire entailed some open questions, which do not allow a quantitative analysis.

In the initial questions of this section, stakeholders answered about their usage of platforms in order to buy and sell goods. **A majority of respondents does use platforms to buy goods or services at least once or twice a month**. Slightly less than half of the participating stakeholders replied that they buy goods or services via platforms several times per month. Around two-fifths also stated that they do not buy via platforms at all. **Over two-thirds of participants purchase goods via platforms, while around half uses platforms to buy accommodation services and other services, and over one-third to buy transport services**.

Question #2.1 – How often do you buy goods or services via platforms?

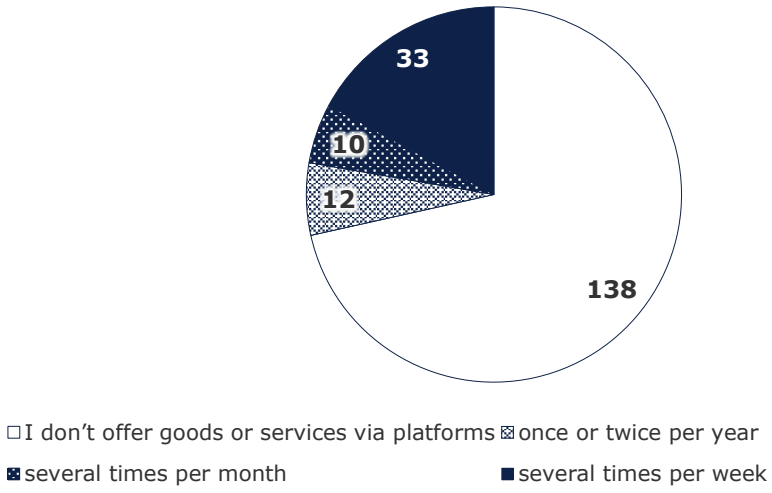


Question #2.2 – What are you buying?

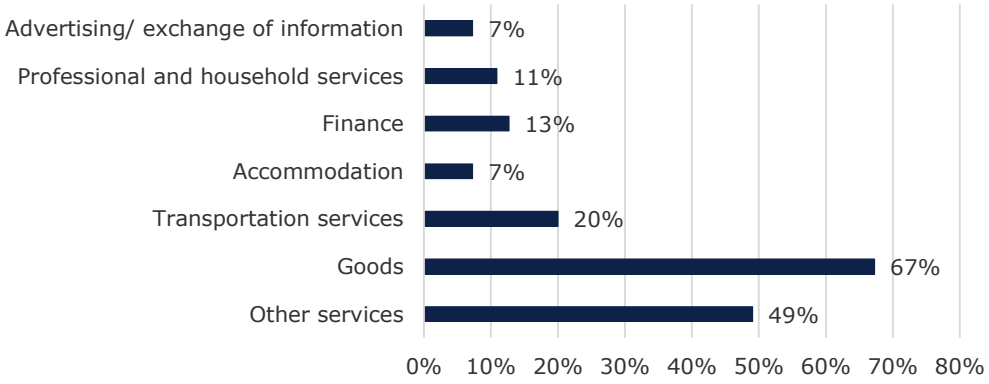


Moving from buying to selling via platforms, **the vast majority of respondents does not offer goods or services via platforms**. More than one-fourth of respondents does offer goods or services via platforms at least once or twice per year. Of those supplying goods or services via platforms over half does so several times per week. **Around two-thirds of the stakeholders stating that they offer via platforms are supplying goods, while the supply of services is more fragmented**. The most regular answer concerning the supply of services via platforms was 'other services', which are supplied by about half of the respondents using platforms. One-fifth replied that they offer transportation services via platforms. At a lower rate, participants indicated that they supply financial services, professional and household services, accommodation services, and advertising / exchange of information services.

Question #2.3 – How often do you offer goods or services via platforms?

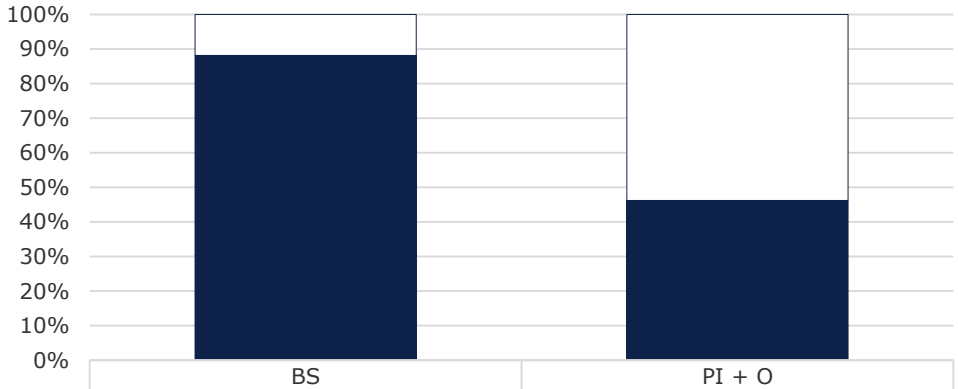


Question #2.4 – What are you supplying?



When supplying goods or services via platforms, **a vast majority of business stakeholders declared to be charging VAT on those supplies made via a platform**. Among private individuals and other stakeholders selling goods or services via platforms the rate is significantly lower, as less than half replied that they charge VAT on such supplies.

Question #2.5 – Do you charge VAT on your supplies made via a platform?

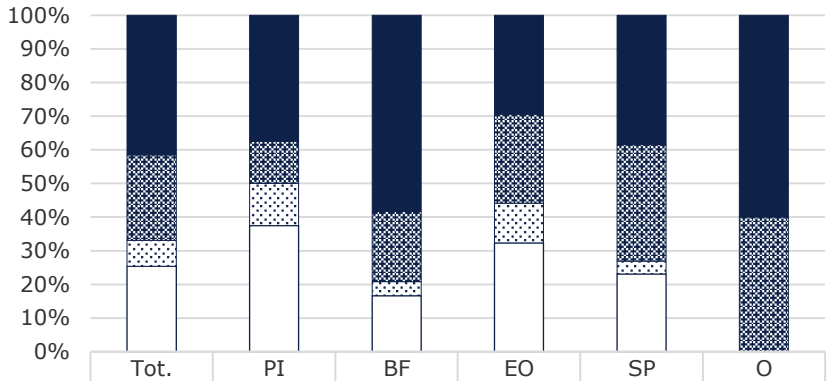


	BS	PI + O
NO	5	7
YES	37	6

BS: Business Stakeholders; PI: Private Individuals; O: Others.

Concerning the absence of specific provisions in the VAT Directive dealing with the treatment of services supplied via platforms, **two-thirds of responding stakeholders thought that this is creating major or moderate problems for platforms and their users**. Business federations and service providers viewed the situation as more problematic.

Question #2.6 – Currently, in the EU VAT Directive, there are no specific provisions dealing with the treatment of services supplied via platforms. Does the lack of specific VAT provisions create problems for platforms and their users?



	Tot.	PI	BF	EO	SP	O
Yes, it creates major problems	49	9	14	10	10	6
Yes, it creates moderate problems	30	3	5	9	9	4
Yes, it creates minor problems	9	3	1	4	1	0
No, it does not	30	9	4	11	6	0

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

More than two-thirds of respondents reported that they have not experienced specific problems concerning the VAT treatment of services supplied via platforms. Among those stakeholders that have stated that they offer goods or services via platforms, the share was slightly higher.

Box 1 – Specific problems mentioned by stakeholders

The specific problems reported by respondents (Question #2.8) can be summarised into five general problems concerning the VAT treatment of services supplied via platforms.

1) Stakeholders reported difficulties with Member States applying different VAT treatments, ranging from different rates over different treatment of electronically supplied and intermediary services to different thresholds for the application of VAT to SMEs.

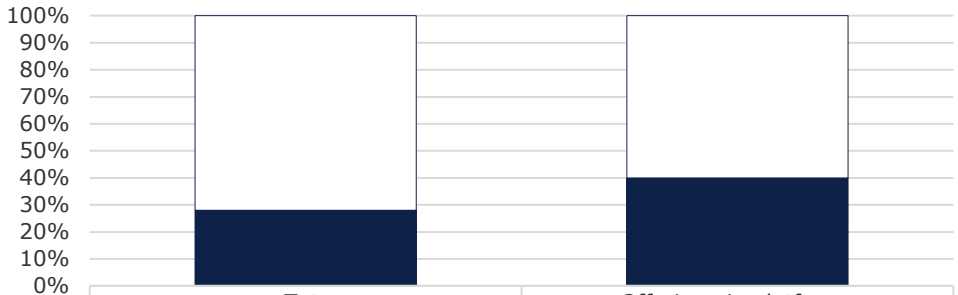
2) Some respondents noted having experienced problems with either double-taxation or no-taxation.

3) Problems were being mentioned concerning the definition of supplies, the status of the supplier and customer, and the place of supply.

4) Problems arise due to the platform providers, for example because of a lack of appropriate invoicing from their side or because the wrong VAT rate is being applied by them.

5) Some respondents have experienced problems when dealing with non-EU counterparts, such as uncertainty over whether VAT must be applied and what rate is correct to apply or that foreign entities must register in EU Member States.

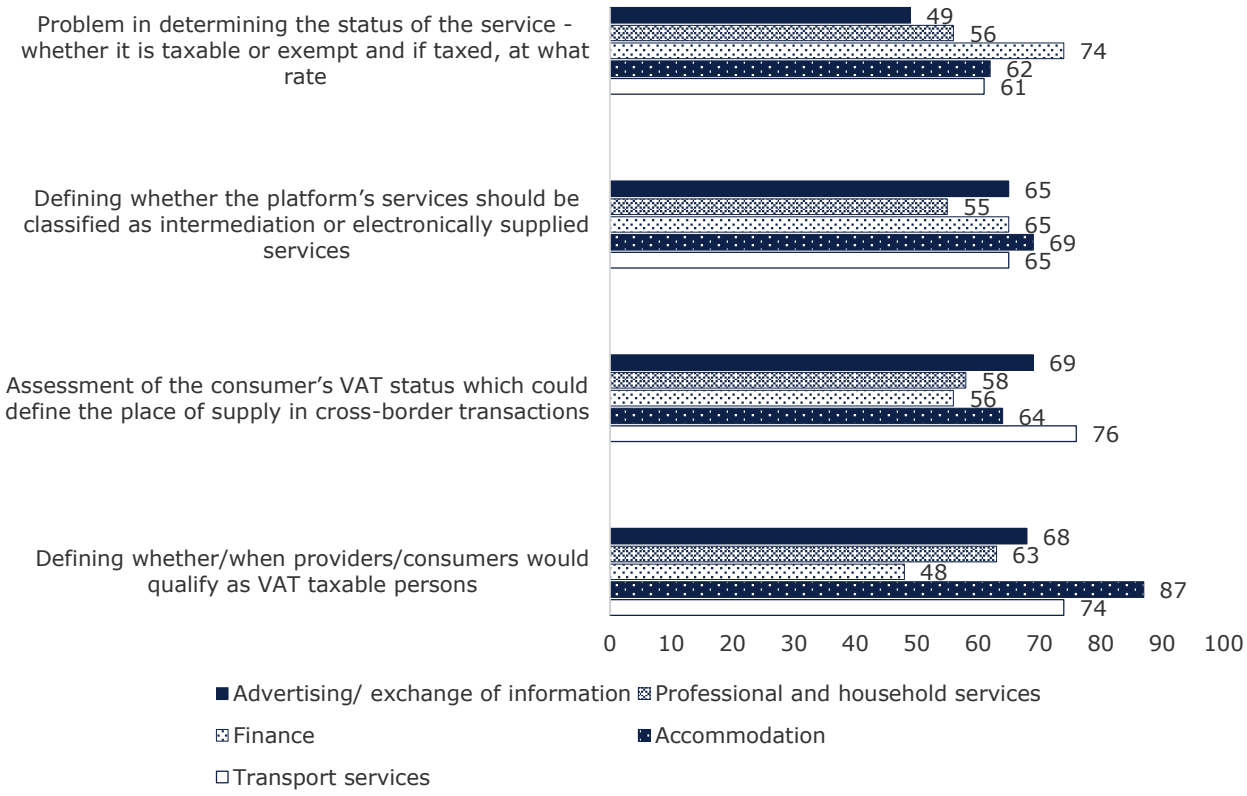
Questions #2.7 – Have you experienced specific problems concerning the VAT treatment of services supplied via platforms?



	Tot.	Offering via platforms
NO	139	33
YES	54	22

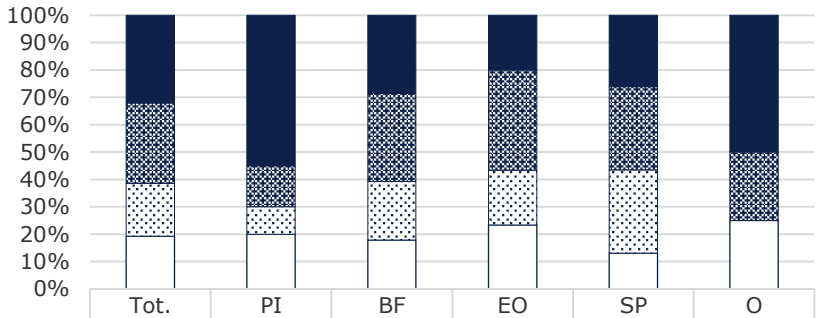
With regards to specific problems, **the definition of when providers and consumers would qualify as VAT taxable persons is the most difficult issue**. This result is particularly driven by the accommodation sector, where the issue was mentioned the most often. Across the five sectors, the question of determining the status of the service as to whether it is taxable or exempt (and taxed at what rate) was noted as the least pronounced. This was viewed differently by stakeholders for the financial services sector, where it was in fact the most frequently mentioned issue. For transport services, the assessment of the consumer's VAT status, which could define the place of supply in cross-border transactions, was the most indicated issue. Also often indicated across all sectors was the issue of defining whether a platform's services should be classified as intermediation or electronically supplied services.

Questions #2.9 – Please indicate the relevance of these issues for each of the following sectors:



The **majority of stakeholders shared the view that the differences in VAT treatment across EU Member States has led to them experiencing at least moderate distortions to cross-border competition** with other firms offering the same services. Responding business federations, economic operators, and service providers viewed those distortions as minor at a higher rate than private individuals and other stakeholders.

Questions #2.10 – Do you experience distortions to cross-border competition with other firms offering the same services, due to differences in VAT treatment between EU Member States?

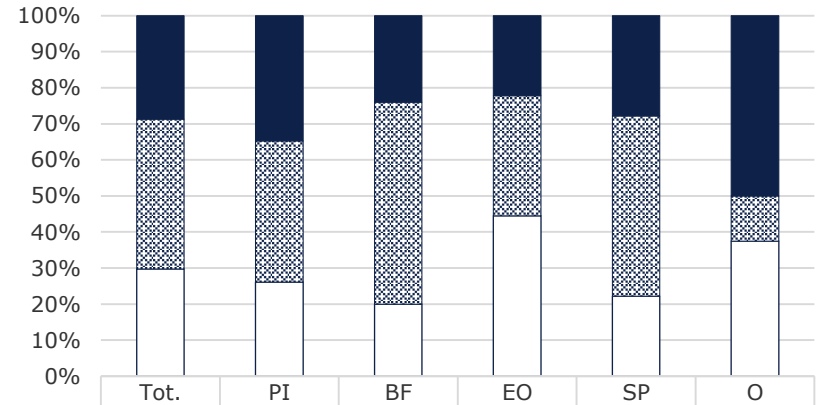


	Tot.	PI	BF	EO	SP	O
Yes, there are major distortions to competition	35	11	8	6	6	4
Yes, there are moderate distortions to competition	32	3	9	11	7	2
Yes, there are minor distortions to competition	21	2	6	6	7	0
No, it does not	21	4	5	7	3	2

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Asked about competition with non-platform-supplied services, **over two-thirds of total respondents said they experience distortions of competition with other domestic firms offering the same services via traditional business models** due to very uneven or uneven treatment of similar services and providers in their Member States. This experience was reported most strongly by business federations. Almost half of the responding economic operators did not see distortions due to uneven treatment at all.

Questions #2.11 – Do you experience distortions of competition with other domestic firms offering the same services via 'non-platform' means due to the uneven treatment of similar services/providers in your Member State?

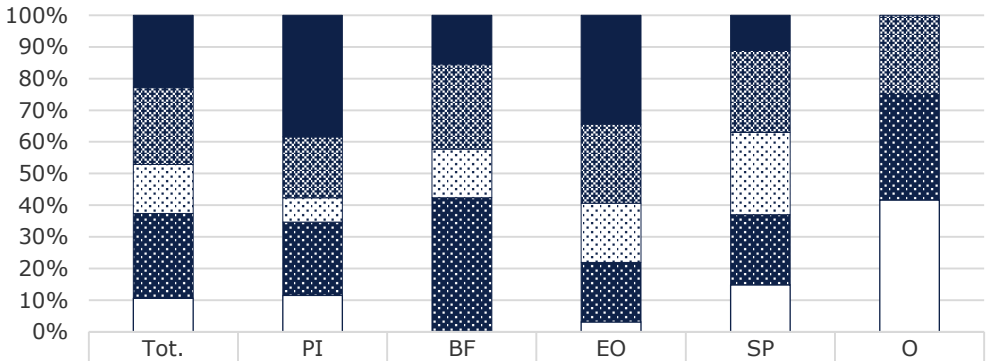


	Tot.	PI	BF	EO	SP	O
Yes, it creates very uneven treatment	29	8	6	6	5	4
Yes, it creates uneven treatment	42	9	14	9	9	1
No, it does not	30	6	5	12	4	3

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

There does not emerge a clear consensus among the different stakeholders as to whether the current VAT treatment represents an important driver of or an obstacle to the digital platform business model. **Economic operators said at a majority that the current VAT treatment is a strong or moderate driver of the digital platform business model, while business federations were pretty evenly split**. Across all stakeholders, slightly more participants said that the current VAT treatment is a driver rather than an obstacle to the digital platform business model.

Questions #2.12 – To what extent is the current VAT treatment an important driver of or obstacle to the digital platform business model?

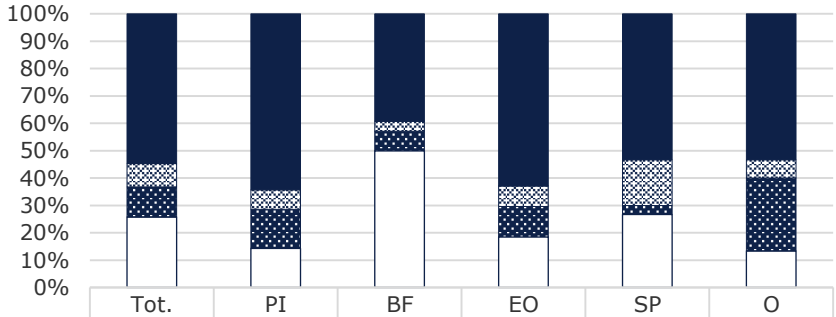


	Tot.	PI	BF	EO	SP	O
Strong driver	28	10	4	11	3	0
Moderate driver	30	5	7	8	7	3
None	19	2	4	6	7	0
Moderate obstacle	33	6	11	6	6	4
Significant obstacle	13	3	0	1	4	5

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Concerning VAT evasion in the platform economy, **about three quarters of respondents considered it a specific problem for the platform economy, for trade in either or both goods and services**. Responses coming from business federations show a different assessment of the situation than the other stakeholder groups, as half of this group did not think that VAT evasion and avoidance represents a specific problem for the platform economy all together.

Questions #2.13 – Do you think that VAT evasion and avoidance represent a specific problem for the platform economy?

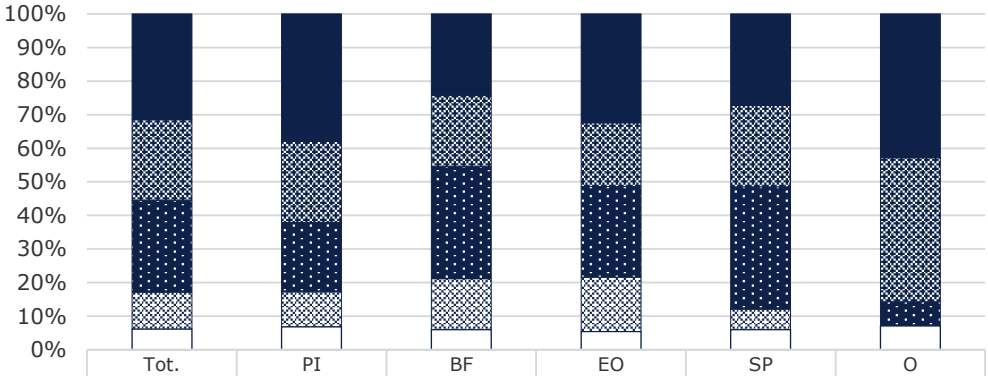


	Tot.	PI	BF	EO	SP	O
Yes, for platforms offering both goods and services	70	18	11	17	16	8
Yes, mostly for platforms offering goods	11	2	1	2	5	1
Yes, mostly for platforms offering services	14	4	2	3	1	4
No	33	4	14	5	8	2

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

The need for changes to the VAT Directive and its Implementing Regulation in order to ensure proper VAT treatment of the platform economy was considered necessary by a majority of all stakeholders. The different groups of stakeholders largely agreed on this question, and only among business federations those believing changes are necessary to a large or very large extent were in a slight minority.

Questions #2.14 – To what extent do you perceive that changes to the VAT Directive and Implementing Regulation are necessary to ensure the proper VAT treatment of the platform economy?

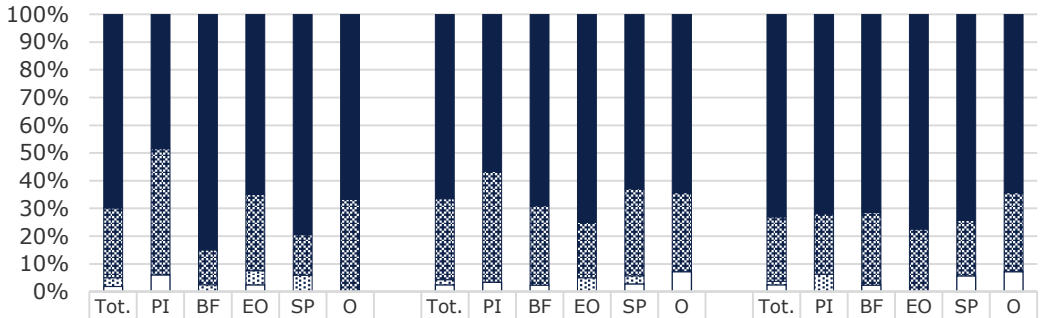


	Tot.	PI	BF	EO	SP	O
To a very large extent	46	11	8	12	9	6
To a large extent	35	7	7	7	8	6
To some extent	40	6	11	10	12	1
To a limited extent	16	3	5	6	2	0
Not at all	9	2	2	2	2	1

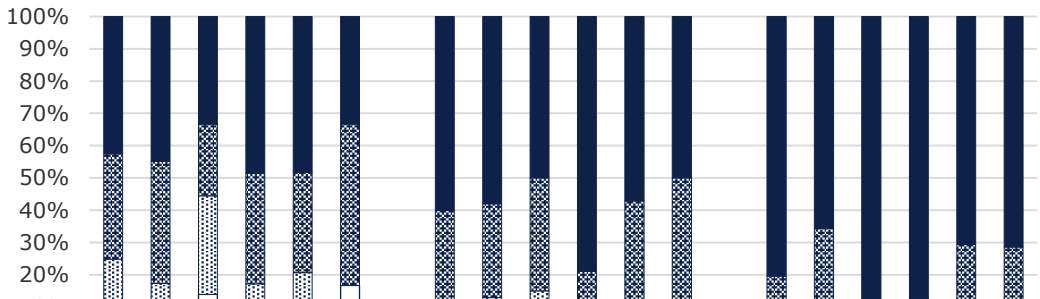
PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

When provided with six different objectives for potential EU initiatives, **a majority of respondents considered all six objectives at least as important**. The objective with the highest importance is the simplicity of application, which was considered very important by more than three-fourths of participants, and in particular by business federations. Around two-thirds of respondents considered it very important that potential EU initiatives aim at reducing costs for economic operators, ensuring a level-playing field between the traditional and platform economy, and ensuring harmonised treatment of the platform economy across Member States. Slightly less highly rated, but still significant, was the importance of ensuring a broad tax base and tax compliance.

Questions #2.15 – Please rate the importance of the following objectives for potential EU initiatives on:



	Reducing costs for economic operators						Ensuring a level-playing field between traditional and platform economy						Ensuring harmonized treatment of platform economy across MS					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Very important	111	16	34	26	27	8	107	17	29	30	22	9	119	23	30	31	26	9
Important	40	15	5	11	5	4	47	12	12	8	11	4	38	7	11	9	7	4
Not so important	5	0	1	2	2	0	3	0	0	2	1	0	2	2	0	0	0	0
Not important	3	2	0	1	0	0	4	1	1	0	1	1	4	0	1	0	2	1



	Ensuring a broad tax base						Ensuring tax compliance						Simplicity of application					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Very important	60	13	12	17	14	4	95	18	20	30	20	7	132	21	42	35	24	10
Important	46	11	8	12	9	6	48	9	14	7	12	6	26	8	1	5	9	3
Not so important	22	4	11	3	4	0	8	2	4	1	1	0	3	2	1	0	0	0
Not important	13	1	5	3	2	2	7	2	2	0	2	1	3	1	0	0	1	1

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Clarifying the nature of services provided by the platform was the most supported intervention across different stakeholders. Over two-thirds also at least partly agreed with initiatives concerning the introduction of a rebuttable presumption on the status of platform providers and the streamlining of record-keeping obligations. The latter found high agreement among business federations and economic operators. A lower support, but still majoritarian, concerned the remaining interventions, namely a deemed supplier regime for digital platforms, especially among business federations and economic operators.

Box 2 – Practical difficulties of legislative interventions

Stakeholders were asked about possible practical difficulties (for businesses or the public budget) due to the suggested legislative interventions at the EU level. For each of the interventions, the responses can be summarised as follows:

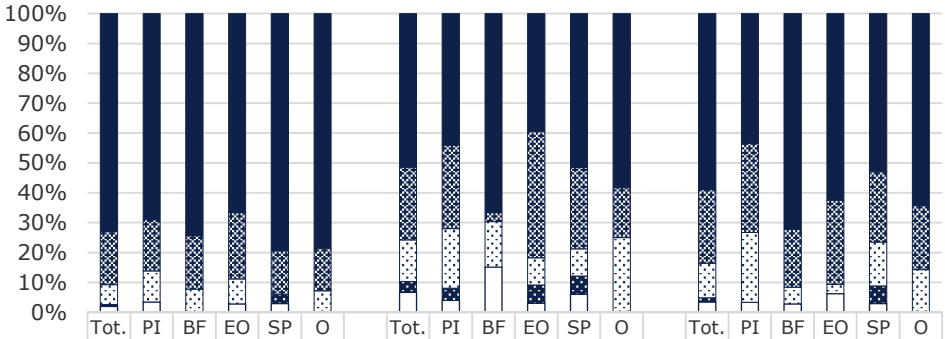
- Clarification of the nature of the services provided by the platform: Stakeholders noted that keeping a legal clarification up to date with the business ideas and offered services of platforms will be difficult or impossible; it was remarked that the nature of the service and distinction between an intermediary and electronic supply of service cannot always be clearly defined.

- Rebuttable presumption on the status of the service provider using a platform: Respondents stated that presuming the VAT status of the service provider is difficult as even a taxpayer with a VAT ID might not be VAT taxable on certain transactions; other replies warned that this adds complexity for platforms and a simple and secure mechanism should be found.

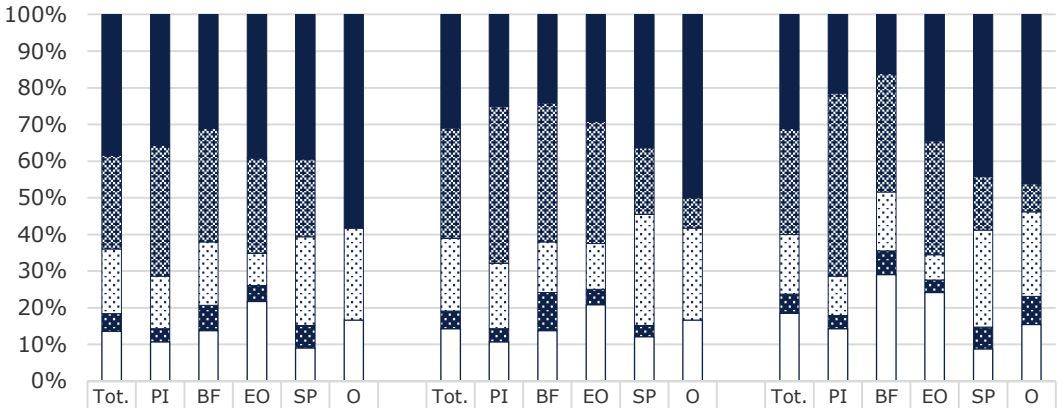
- Streamlining of record-keeping obligations: Some stakeholders were worried this would in fact increase costs and put platforms at a disadvantage compared to non-platform businesses; additional difficulty could be caused by difficulties for platforms to verify whether the underlying service provider is resident or non-resident; some responses also indicated that problems with data protection regulations could occur.

- Deemed supplier role for digital platforms: Respondents said that this creates difficulties for platforms as they become liable to charge and collect VAT in certain cases, a burden which might be unreasonable for purely domestic platforms; there is also a worry that the platforms would shift burdens to users of platforms by imposing strict conditions and requirements, a problem related to the often existing power imbalance in favour of platforms; some stakeholders also thought it could be difficult to correctly calculate the VAT rate in some cases.

Questions #2.16 –To what extent would you agree with the necessity of the following possible interventions at EU level in the area of VAT treatment of the platform economy?



	Clarification of nature of services provided by platform						Rebuttable presumption on status of platform providers						Streamlining of record-keeping obligations					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Agree	111	20	29	24	27	11	70	11	22	13	17	7	86	13	26	20	18	9
Partly agree	27	5	7	8	5	2	33	7	1	14	9	2	36	9	7	9	8	3
Neither agree nor disagree	10	3	3	3	0	1	19	5	5	3	3	3	17	7	2	1	5	2
Partly disagree	1	0	0	0	1	0	5	1	0	2	2	0	2	0	0	0	2	0
Disagree	3	1	0	1	1	0	9	1	5	1	2	0	5	1	1	2	1	0

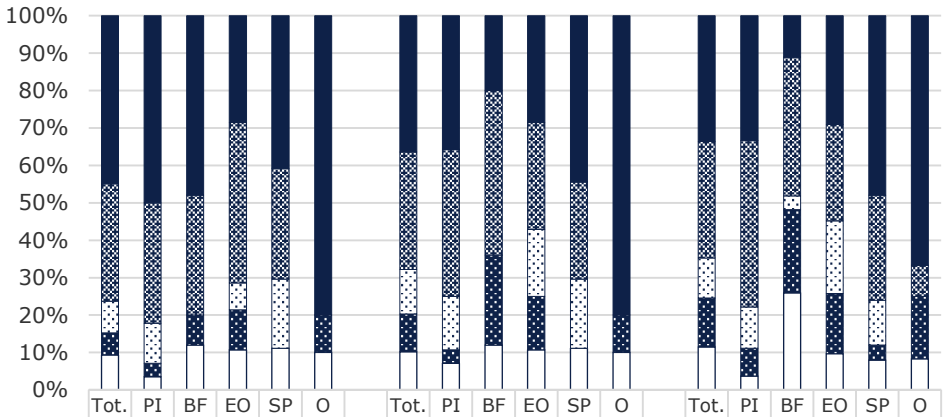


	Deemed supplier regime for digital platforms for supply of certain accommodation & transport services*						Deemed supplier regime for digital platforms for supply of all accommodation & transport services						Deemed supplier regime for digital platforms for all services for monetary consideration					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Agree	48	10	9	9	13	7	39	7	7	7	12	6	42	6	5	10	15	6
Partly agree	32	10	9	6	7	0	38	12	11	8	6	1	39	14	10	9	5	1
Neither agree nor disagree	22	4	5	2	8	3	25	5	4	3	10	3	22	3	5	2	9	3
Partly disagree	6	1	2	1	2	0	6	1	3	1	1	0	7	1	2	1	2	1
Disagree	17	3	4	5	3	2	18	3	4	5	4	2	25	4	9	7	3	2

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.
** residence renting, ride on demand and home delivery services.*

A majority of respondents said that the deemed supplier model would have at least moderate positive impacts on the equal treatment of the traditional and platform economy. Concerning the supply of certain accommodation and transport services (i.e. residence renting, ride on demand and home delivery services), around three-fourths of stakeholders thought it would have a moderate or major positive impact. Still over two-thirds had this view on a deemed supplier model for the supply of all accommodation and transport services. Among business federations, the responses were slightly less positive. The fear of at least moderate negative impacts was even higher among business federations for a deemed supplier model for all services for monetary considerations.

Questions #2.18 – In your opinion, how significant would the impact of the deemed supplier model be on the equal treatment of the traditional and platform economies in the following cases:



	Supply of certain accommodation and transport services*						Supply of all accommodation and transport services						All services for monetary consideration					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Major positive impacts	53	14	12	8	11	8	43	10	5	8	12	8	41	9	3	9	12	8
Moderate positive impacts	37	9	8	12	8	0	37	11	11	8	7	0	38	12	10	8	7	1
Small or no impacts	10	3	0	2	5	0	14	4	0	5	5	0	13	3	1	6	3	0
Moderate negative impacts	7	1	2	3	0	1	12	1	6	4	0	1	16	2	6	5	1	2
Major negative impacts	11	1	3	3	3	1	12	2	3	3	3	1	14	1	7	3	2	1

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.
** residence renting, ride on demand and home delivery services.*

The additional comments provided to this section of the public consultation can be grouped into three main themes, which are the following:

- Any intervention should foster a level-playing field not only between traditional and platform economies, but also between platforms operating in different sectors and platforms of different sizes. Requirements targeted at cross-border supplies could cause unnecessary burdens on platforms with a domestic scope. Certain changes, such as using the 'group of 4' as a requirement for deemed supplier rules, might be impossible to apply in some sectors.

- The platform economy has been addressed by other initiatives and any action should be aligned with those. Stakeholders recall that the platform economy is part of the focus of CESOP, DAC7, the eCommerce Directive, and 'improving working conditions for platform workers'.

- The platform economy is one dimension of an overall economy, and it should not be subject to a specific VAT regime. Furthermore, specific digital taxes targeted at platforms might undermine the Digital Single Market.

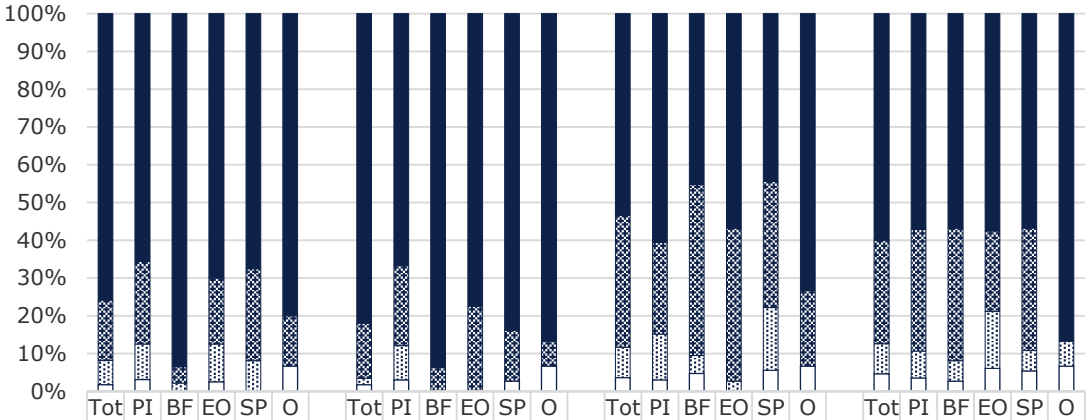
3.5. Part 3 – Single VAT registration in the EU and IOSS

The third part of the public consultation concerned the single VAT registration in the EU, and the introduction of the One-Stop Shop (OSS) and Import One-Stop Shop (IOSS). This section was open to all respondents, but some questions were filtered and not all of the questions were mandatory.

At first, participants to the public consultation were asked about their view on the importance of some objectives to them or their organisation. Overall, **all four suggested objectives were seen as very important by a majority of the responding stakeholders**. The objective with the highest importance was the simplification and facilitation of VAT compliance, particularly among business federations and economic operators. Business federations also rated the importance of minimising the need for taxable persons to hold multiple VAT registrations across the

EU as more importantly than other respondents. Still over two-thirds of replies viewed it as important to reduce fraud and maximise VAT revenue, and to modernise VAT rules linked to VAT registration as important objectives.

Questions #3.1 – How important are the following objectives for you / your organisation?

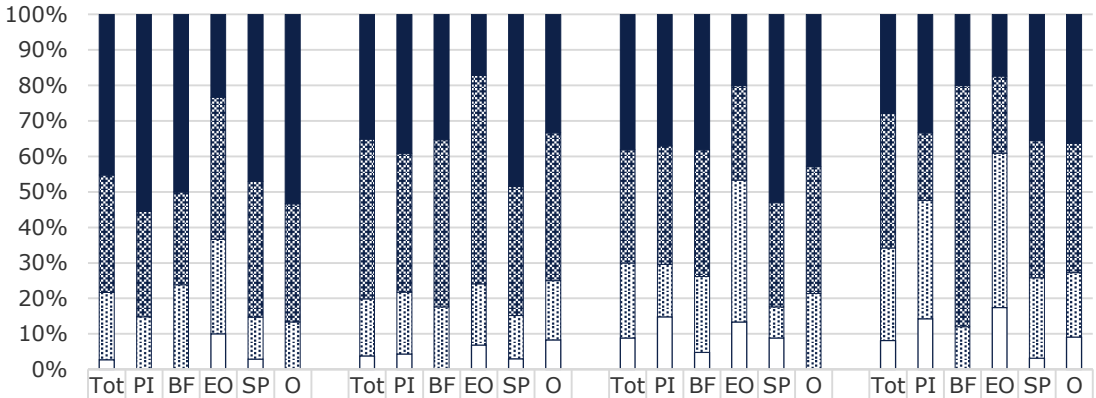


	Minimising need for taxable persons to hold multiple VAT registrations						Simplifying & facilitating VAT compliance						Reducing fraud and maximising VAT revenue						Modernising VAT rules linked to VAT registration obligations for distance sales of goods					
	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O
Very important	129	21	43	28	25	12	141	22	44	31	31	13	87	20	19	21	16	11	90	16	21	19	21	13
Important	27	7	2	7	9	2	25	7	3	9	5	1	57	8	19	15	12	3	41	9	13	7	12	0
Not so important	11	3	1	4	3	0	3	3	0	0	0	0	13	4	2	1	6	0	12	2	2	5	2	1
Not important	3	1	0	1	0	1	3	1	0	0	1	1	6	1	2	0	2	1	7	1	1	2	2	1

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

When asked whether the launch of the OSS brought progress towards those objectives, **stakeholders believed by a majority that the OSS has led to at least moderate progress towards all four objectives**. The most significant progress due to the OSS was towards the minimisation of the need for taxable persons to hold multiple VAT registrations. The progress on the other objectives – the simplification and facilitation of VAT compliance, and the reduction of fraud and maximisation of VAT revenue – was seen less positively by economic operators than by others. More than half of the responding economic operators saw minor or no progress towards these objectives due to the launch of the OSS.

Questions #3.2 – In your view, has the launch of the OSS led to progress towards the following objectives?

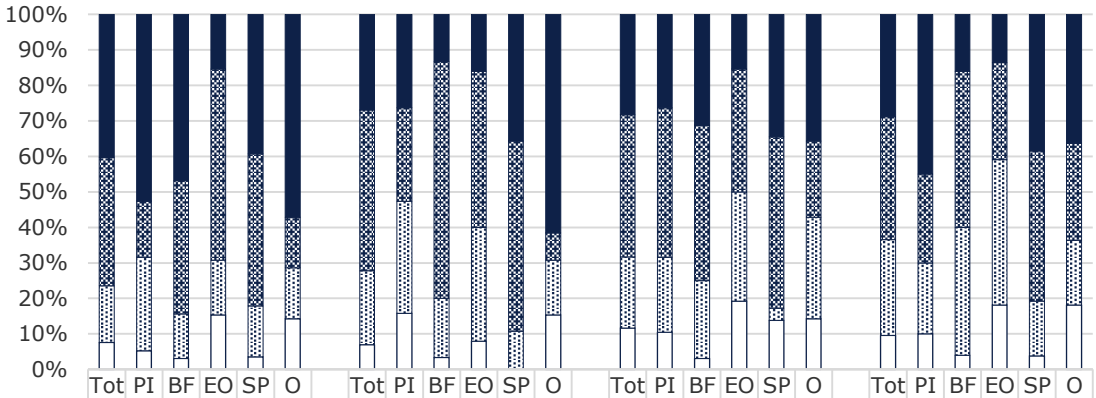


	Minimising need for taxable persons to hold multiple VAT registrations						Modernising VAT rules linked to VAT registration obligations for distance sales of goods						Simplifying & facilitating VAT compliance						Reducing fraud and maximising VAT revenue					
	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O
Significant progress	67	15	21	7	16	8	46	9	12	5	16	4	56	10	16	6	18	6	31	7	5	4	11	4
Moderate progress	49	8	11	12	13	5	59	9	16	17	12	5	47	9	15	8	10	5	42	4	17	5	12	4
Minor progress	28	4	10	8	4	2	21	4	6	5	4	2	31	4	9	12	3	3	29	7	3	10	7	2
No progress	4	0	0	3	1	0	5	1	0	2	1	1	13	4	2	4	3	0	9	3	0	4	1	1

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

The same question posed about the progress towards the objectives caused by the IOSS shows very similar results. **More than half of the responding stakeholders thought that the launch of the IOSS has led to significant or moderate progress towards all four objectives**. A slightly different outcome was visible concerning the objective to modernise VAT rules linked to VAT registration obligations for distance sales of goods, for which around one-fifth of answers assessed no or minor progress due to the IOSS launch.

Questions #3.3 – In your view, has the launch of the IOSS led to progress towards the following objectives?

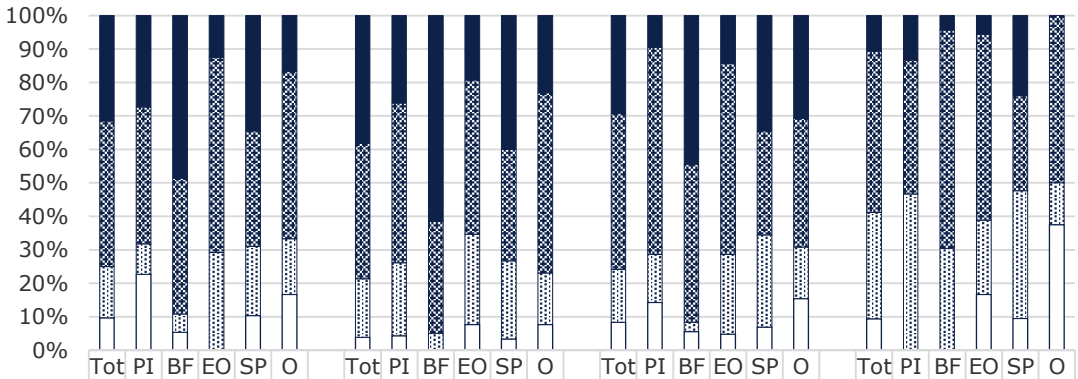


	Minimising need for taxable persons to hold multiple VAT registrations						Modernising VAT rules linked to VAT registration obligations for distance sales of goods						Simplifying & facilitating VAT compliance						Reducing fraud and maximising VAT revenue					
	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O
Significant progress	48	10	15	4	11	8	31	5	4	4	10	8	34	5	10	4	10	5	30	9	4	3	10	4
Moderate progress	43	3	12	14	12	2	52	5	20	11	15	1	48	8	14	9	14	3	36	5	11	6	11	3
Minor progress	19	5	4	4	4	2	24	6	5	8	3	2	24	4	7	8	1	4	28	4	9	9	4	2
No progress	9	1	1	4	1	2	8	3	1	2	0	2	14	2	1	5	4	2	10	2	1	4	1	2

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Stakeholders predominantly expressed their view that the OSS is at least mostly, if not very, consistent with other EU policies, requirements, and regulations in the four suggested fields (the SME strategy for a sustainable Europe, the European digital single market, and the EU administrative cooperation in the field of indirect taxation). In particular, replies from business federations assessed the consistency positively. The consistency was viewed slightly less high by respondents when it comes the Union Customs Code.

Questions #3.4 – In your view, how consistent is the OSS with EU policies, requirements and regulations in the following fields?

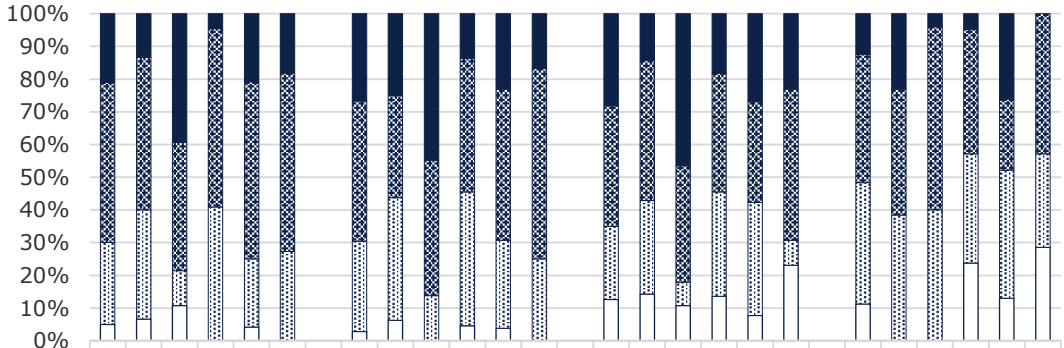


	SME Strategy for a sustainable Europe						European digital single market						EU administrative cooperation in field of indirect taxation						Union Customs Code					
	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O
Very consistent	39	6	18	3	10	2	50	6	24	5	12	3	35	2	16	3	10	4	9	2	1	1	5	0
Mostly consistent	54	9	15	14	10	6	53	11	13	12	10	7	56	13	17	12	9	5	41	6	15	10	6	4
Partly consistent	19	2	2	7	6	2	23	5	2	7	7	2	19	3	1	5	8	2	27	7	7	4	8	1
Not very consistent	12	5	2	0	3	2	5	1	0	2	1	1	10	3	2	1	2	2	8	0	0	3	2	3

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

The consistency of the IOSS with EU policies, requirements, and regulations in the listed fields was still assessed positively, but at a slightly lower level than for the OSS. The consistency with the SME strategy for a sustainable Europe and the European digital single market was still appreciated by over two-thirds of responses. For the Union Customs Code, around half of responding stakeholders thought the IOSS is very or mostly consistent with policies, requirements, and regulations in this area. The answers coming from economic operators valued the consistency less than other participants across all four fields, in particular for the Union Customs Code.

Questions #3.5 – In your view, how consistent is the IOSS with EU policies, requirements and regulations in the following fields?

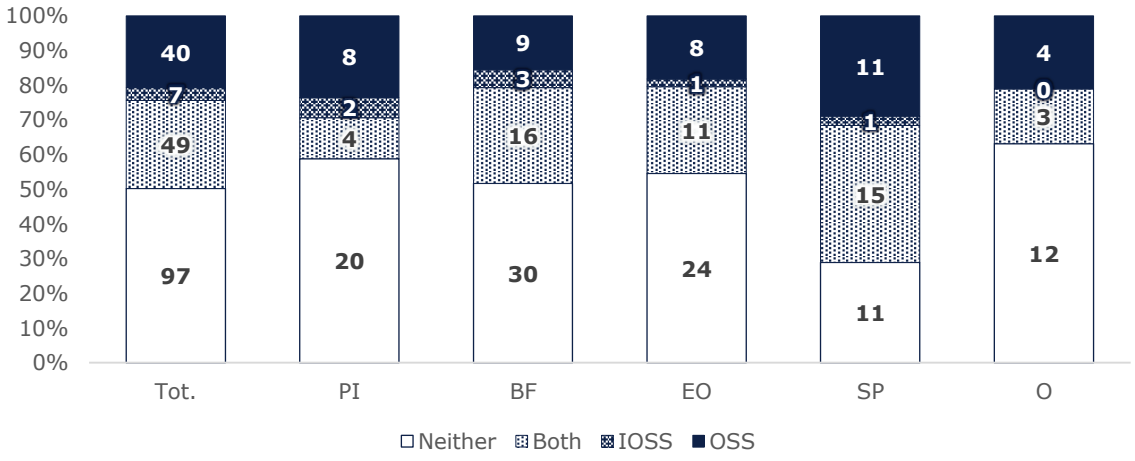


	SME Strategy for a sustainable Europe						European digital single market						EU administrative cooperation in field of indirect taxation						Union Customs Code					
	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O
Very consistent	21	2	11	1	5	2	28	4	13	3	6	2	29	2	13	4	7	3	11	3	1	1	6	0
Mostly consistent	49	7	11	12	13	6	45	5	12	9	12	7	38	6	10	8	8	6	35	5	14	8	5	3
Partly consistent	25	5	3	9	5	3	29	6	4	9	7	3	23	4	2	7	9	1	33	5	10	7	9	2
Not very consistent	5	1	3	0	1	0	3	1	0	1	1	0	13	2	3	3	2	3	10	0	0	5	3	2

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Around half of the participating stakeholders have direct experience with either IOSS, OSS, or both. About one-fifth stated that they only have experience with the OSS, about one-fourth with both mechanisms, and only a very small amount has experience only with the IOSS. The most experience with the IOSS and OSS can be found among service providers.

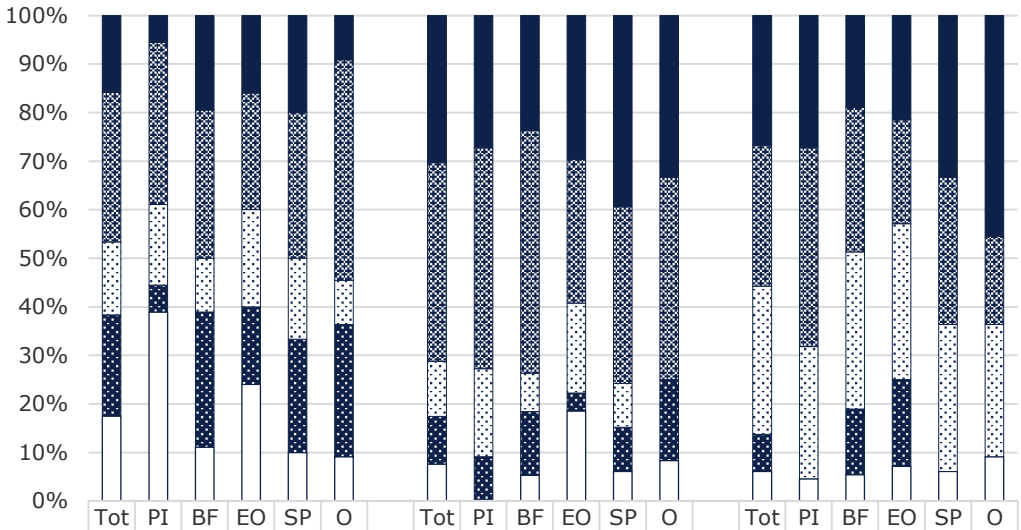
Questions #3.6 – Do you have direct experience with either of these mechanisms?



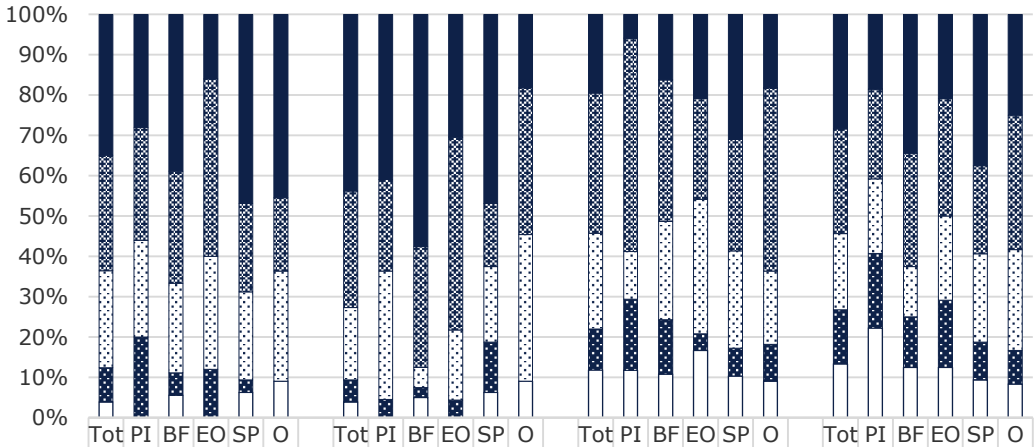
PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Many businesses confirmed that, thanks to OSS, they no longer need to maintain previously held VAT registrations in other Member States, and that the OSS is particularly helpful for SMEs. Over 70% of stakeholders held this view, and more often so among business federations. The perception is less positive when it comes to whether the OSS has been implemented smoothly, a view which was shared, at least partly, by less than 50% of stakeholders. Among economic operators, more than half of respondents did not consider that OSS is allowing businesses to pursue new customers and/or markets, and that it is easy to use the OSS. Private individuals, on the other hand, did not agree by a majority that the OSS helps to reduce discrepancies in the application of VAT rules in the EU.

Questions #3.7 – Please express your agreement or disagreement with the following statements concerning the OSS?



	OSS has been implemented smoothly						Due to OSS, many businesses no longer need previously held VAT registrations in other MS						OSS is allowing businesses to pursue new customers and / or markets					
	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O
Agree	19	1	7	4	6	1	40	6	9	8	13	4	35	6	7	6	11	5
Partly agree	37	6	11	6	9	5	54	10	19	8	12	5	38	9	11	6	10	2
Neither agree nor disagree	18	3	4	5	5	1	15	4	3	5	3	0	40	6	12	9	10	3
Partly disagree	25	1	10	4	7	3	13	2	5	1	3	2	10	0	5	5	0	0
Disagree	21	7	4	6	3	1	10	0	2	5	2	1	8	1	2	2	2	1

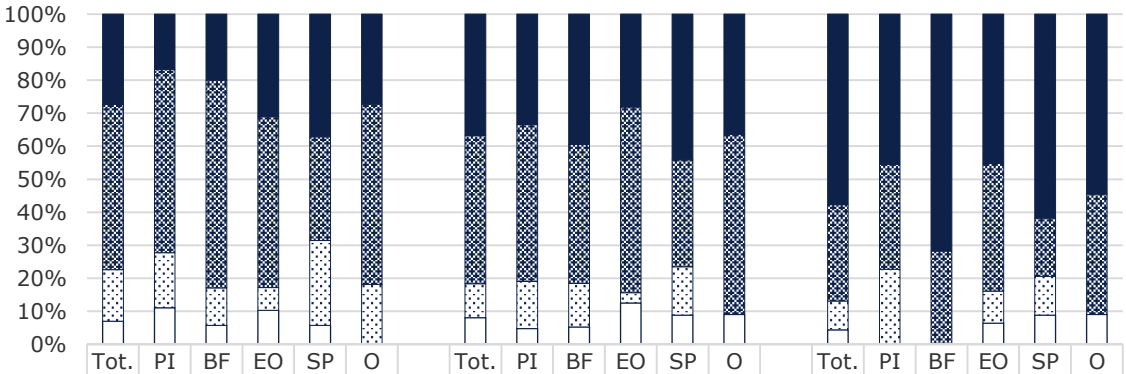


	OSS is improving VAT compliance						OSS is particularly helpful for SMEs						It is easy to use the OSS						OSS helps to reduce discrepancies in application of VAT rules in the EU					
	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O
Agree	45	7	14	4	15	5	56	9	23	7	15	2	23	1	6	5	9	2	36	5	11	5	12	3
Partly agree	37	7	10	11	7	2	37	5	12	11	5	4	41	9	13	6	8	5	33	6	9	7	7	4
Neither agree nor disagree	31	6	8	7	7	3	23	7	2	4	6	4	28	2	9	8	7	2	24	5	4	5	7	3
Partly disagree	11	5	2	3	1	0	7	1	1	1	4	0	12	3	5	1	2	1	17	5	4	4	3	1
Disagree	5	0	2	0	2	1	5	0	2	0	2	1	14	2	4	4	3	1	17	6	4	3	3	1

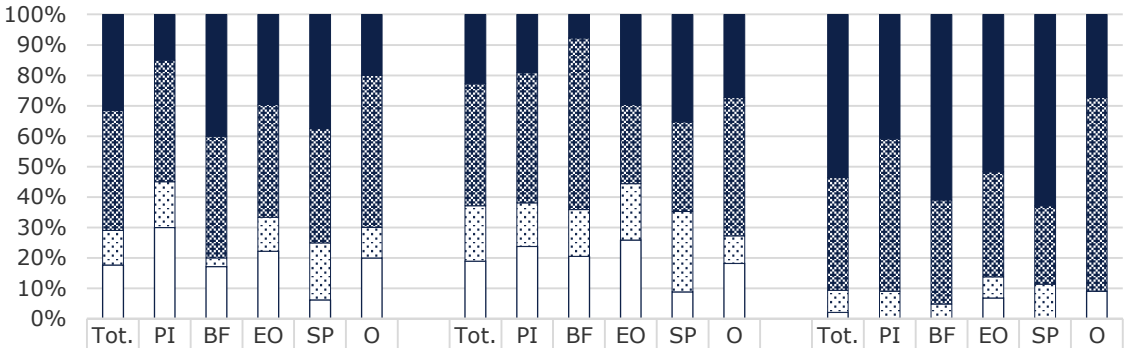
PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Among the factors determining whether businesses use the OSS or not, the types of transactions the business is engaged in and the Member States in which they would otherwise face VAT registrations obligations were noted as the most important. The importance of these two factors is especially underlined by the responding business federations. The size of the business, the sector/market where the business operates, and whether the business is a deemed supplier were still seen as a very important or important factor by over 70% of those stakeholders providing a response. Slightly less importance was assigned to the Member States in which the business is established, but a majority of replies still qualifies this at least as important.

Questions #3.8 – In your view, how important are the following factors in determining whether businesses use the OSS or not (taking into account that it is optional)?



	Size of business						Sector/market where business operates						Types of transactions business engages in					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Very important	35	3	7	9	13	3	50	7	15	9	15	4	79	10	28	14	21	6
Important	64	10	22	15	11	6	61	10	16	18	11	6	40	7	11	12	6	4
Not so important	20	3	4	2	9	2	14	3	5	1	5	0	12	5	0	3	4	0
Not important	9	2	2	3	2	0	11	1	2	4	3	1	6	0	0	2	3	1

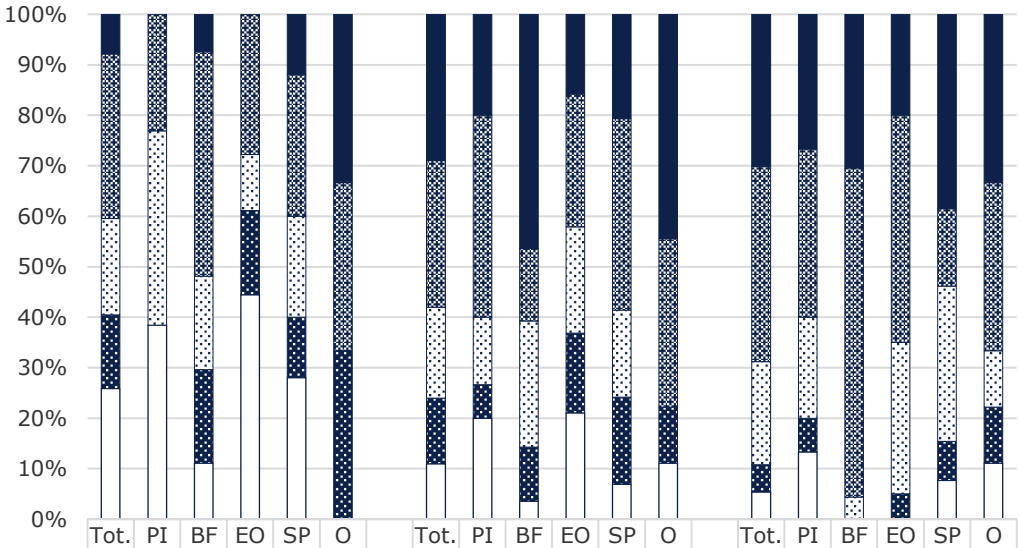


	Whether business is deemed supplier						MS in which business is already established						MS in which business would otherwise face VAT registration obligations					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Very important	39	3	14	8	12	2	30	4	3	8	12	3	74	9	25	15	22	3
Important	49	8	14	10	12	5	53	9	22	7	10	5	51	11	14	10	9	7
Not so important	14	3	1	3	6	1	24	3	6	5	9	1	10	2	2	2	4	0
Not important	22	6	6	6	2	2	25	5	8	7	3	2	3	0	0	2	0	1

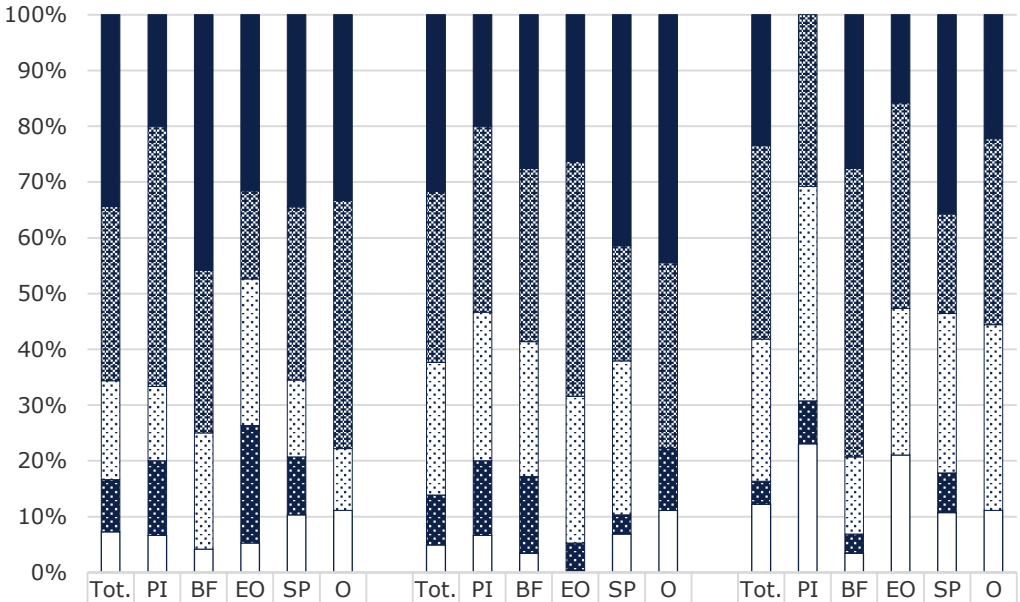
PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

The **stakeholders considered that the IOSS is making it easier for businesses to engage in new transactions which would require them to register in other Member States**. Around one-third of respondents agreed with this statement and another third partly agreed. Agreement was especially high among replies from business federations, but considerably lower from economic operators. Over two-thirds of participating stakeholders agreed or partly agreed that the IOSS improves VAT compliance. Still a majority agreed at least partly that the IOSS is simplifying the process of importation for low-value consignments, that it is particularly helpful for SMEs, that it helps reducing discrepancies in the application of VAT rules in the EU, and that it reduces administrative burdens for businesses. The latter was, however, not perceived by a majority of economic operators. Less than half of respondents considered that the IOSS has been implemented smoothly, that it is easy to use, and that it helps to reduce discrepancies in the application of Customs and VAT rules in the EU.

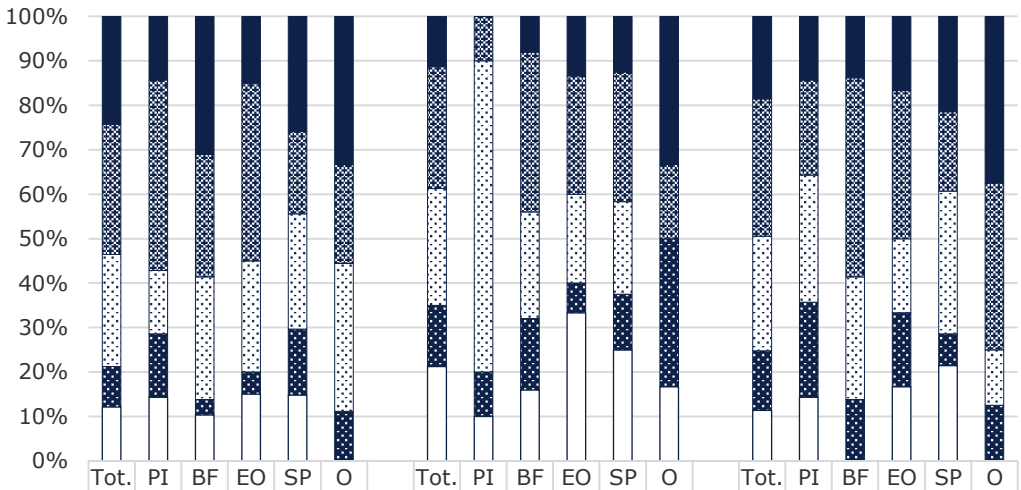
Questions #3.9 – Please express your agreement or disagreement with the following statements concerning the IOSS?



	IOSS has been implemented smoothly						IOSS reducing admin. burden for business distance selling imported goods from outside EU to EU customers						IOSS improving VAT compliance					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Agree	7	0	2	0	3	2	29	3	13	3	6	4	28	4	7	4	10	3
Partly agree	29	3	12	5	7	2	29	6	4	5	11	3	36	5	15	9	4	3
Neither agree nor disagree	17	5	5	2	5	0	18	2	7	4	5	0	19	3	1	6	8	1
Partly disagree	13	0	5	3	3	2	13	1	3	3	5	1	5	1	0	1	2	1
Disagree	23	5	3	8	7	0	11	3	1	4	2	1	5	2	0	0	2	1



	IOSS making it easier for businesses to engage in new transactions currently requiring registrations in other MS						IOSS simplifying process of importing low value consignments						IOSS particularly helpful for SMEs					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Agree	33	3	11	6	10	3	32	3	8	5	12	4	23	0	8	3	10	2
Partly agree	30	7	7	3	9	4	31	5	9	8	6	3	34	4	15	7	5	3
Neither agree nor disagree	17	2	5	5	4	1	24	4	7	5	8	0	25	5	4	5	8	3
Partly disagree	9	2	0	4	3	0	9	2	4	1	1	1	4	1	1	0	2	0
Disagree	7	1	1	1	3	1	5	1	1	0	2	1	12	3	1	4	3	1

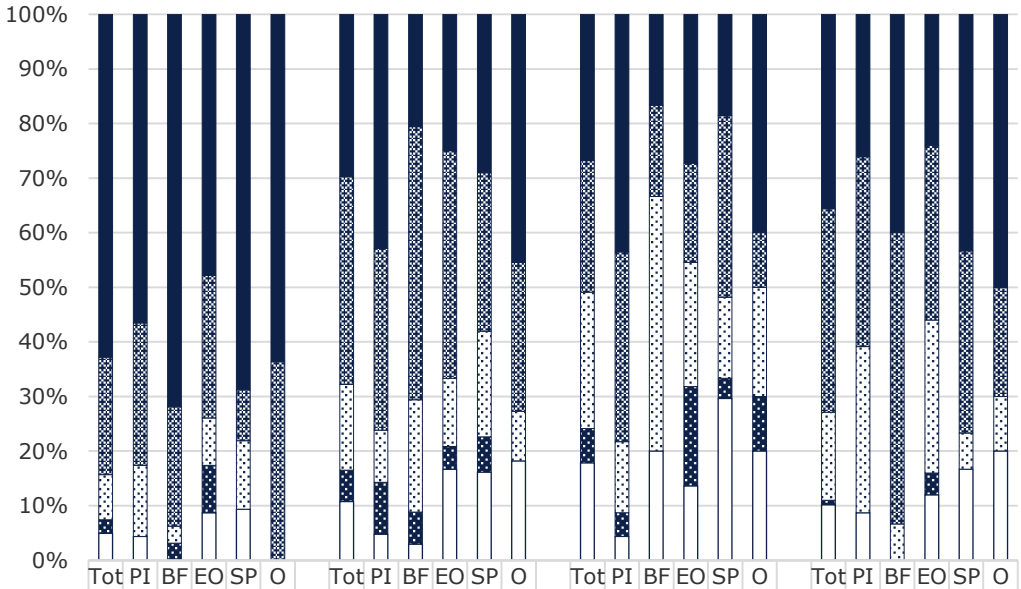


	IOSS helps reducing discrepancies in application of VAT rules in the EU						It is easy to use the IOSS						IOSS helps reducing discrepancies in application of Customs and VAT rules in the EU					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Agree	24	2	9	3	7	3	9	0	2	2	3	2	18	2	4	3	6	3
Partly agree	29	6	8	8	5	2	22	1	9	4	7	1	30	3	13	6	5	3
Neither agree nor disagree	25	2	8	5	7	3	21	7	6	3	5	0	25	4	8	3	9	1
Partly disagree	9	2	1	1	4	1	11	1	4	1	3	2	13	3	4	3	2	1
Disagree	12	2	3	3	4	0	17	1	4	5	6	1	11	2	0	3	6	0

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Out of four possible impacts from the changes of the VAT exemption for low-value goods, **stakeholders mentioned the level playing field between EU and non-EU businesses as the most significant impact**. This impact was agreed to by almost two-thirds of respondents, with only private individuals and economic operators showing a slightly lower rate of agreement. A majority also mentioned the minimisation of the risk of undervaluation and the increase of VAT revenue. A stop to businesses relocating outside the EU to benefit from VAT savings was an impact that around 50% of responding stakeholders agreed or partly agreed to.

Questions #3.10 – In your view, what was the impact of the removal of the VAT exemption for very low value goods (not exceeding EUR 22)?

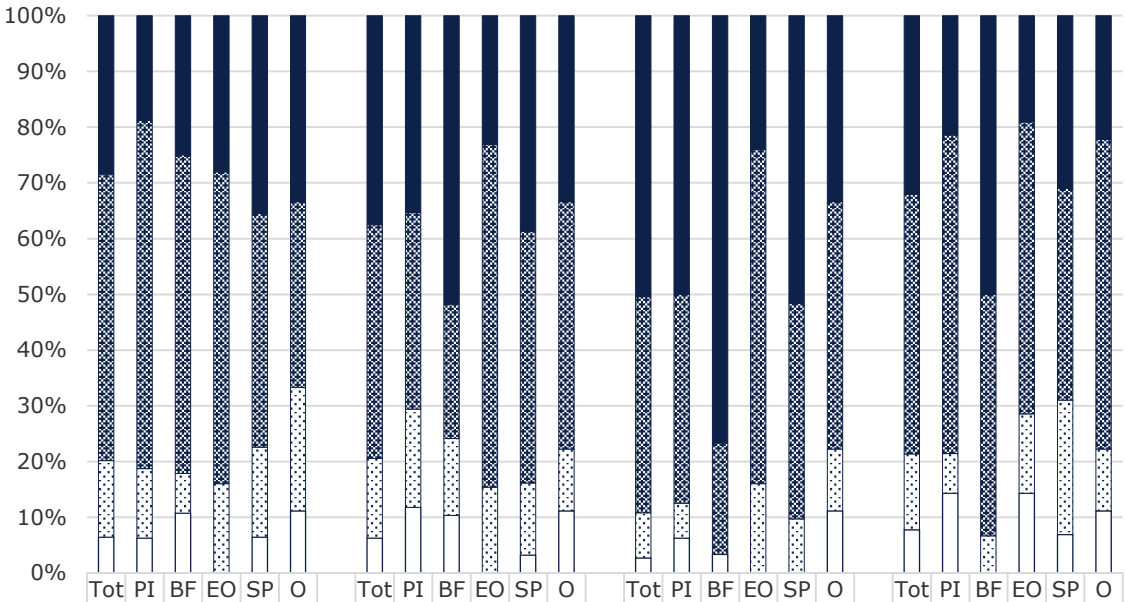


	Level playing field between EU & non-EU businesses						To minimize risk of undervaluation						Stop relocation of businesses outside EU to benefit from VAT savings						To increase revenues of Member States					
	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O
Agree	76	13	23	11	22	7	36	9	7	6	9	5	30	10	5	6	5	4	42	6	12	6	13	5
Partly agree	26	6	7	6	3	4	46	7	17	10	9	3	27	8	5	4	9	1	44	8	16	8	10	2
Neither agree nor disagree	10	3	1	2	4	0	19	2	7	3	6	1	28	3	14	5	4	2	19	7	2	7	2	1
Partly disagree	3	0	1	2	0	0	7	2	2	1	2	0	7	1	0	4	1	1	1	0	0	1	0	0
Disagree	6	1	0	2	3	0	13	1	1	4	5	2	20	1	6	3	8	2	12	2	0	3	5	2

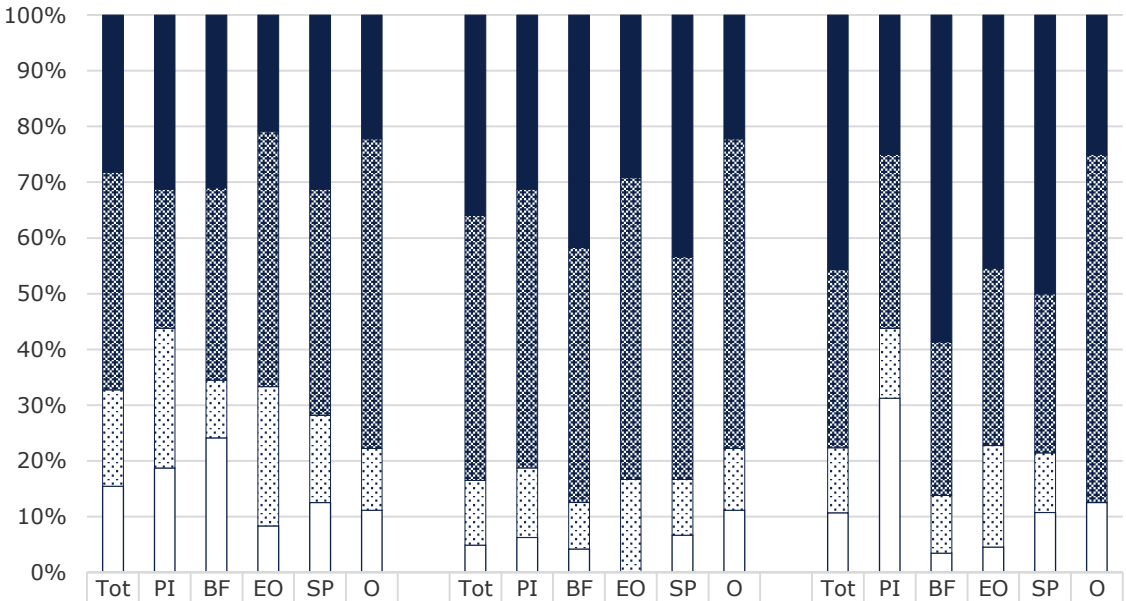
PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

The most important factor in determining whether a business uses the IOSS or not is the types of transactions in which a business is engaged. Around 90% of replies viewed this factor as very important or important. Around 80% of respondents thought it is at least important what the size of the business is, the sector/market where the business operates, whether the business is a deemed supplier, the desire of a business to be compliant, and the customer experience. The latter was viewed as less important by private individuals. A lower percentage of stakeholders said that whether the business has an EU place of establishment is an important factor, but still around two-thirds noted it as important or very important.

Questions #3.11 – In your view, how important are the following factors in determining whether businesses use the IOSS or not (taking into account that it is optional)?



	Size of business						Sector/market where business operates						Types of transactions business engages in						Whether business is deemed supplier					
	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O
Very important	31	3	7	7	11	3	42	6	15	6	12	3	56	8	23	6	16	3	33	3	15	4	9	2
Important	56	10	16	14	13	3	47	6	7	16	14	4	43	6	6	15	12	4	48	8	13	11	11	5
Not so important	15	2	2	4	5	2	16	3	4	4	4	1	9	1	0	4	3	1	14	1	2	3	7	1
Not important	7	1	3	0	2	1	7	2	3	0	1	1	3	1	1	0	0	1	8	2	0	3	2	1



	Whether business has EU place of establishment						Desire of business to be compliant						Customer experience					
	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O	Tot	PI	BF	EO	SP	O
Very important	31	5	9	5	10	2	37	5	10	7	13	2	47	4	17	10	14	2
Important	43	4	10	11	13	5	49	8	11	13	12	5	33	5	8	7	8	5
Not so important	19	4	3	6	5	1	12	2	2	4	3	1	12	2	3	4	3	0
Not important	17	3	7	2	4	1	5	1	1	0	2	1	11	5	1	1	3	1

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

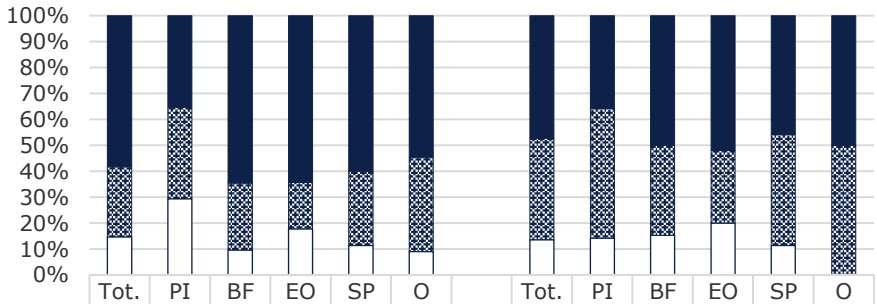
Box 3 – Other observations in relation to OSS/IOSS experience

Under question #3.12, participants to the public consultation were asked about their observations in relation to their OSS/IOSS experience, beyond those tackled within the questionnaire. Four main observations can be summarised:

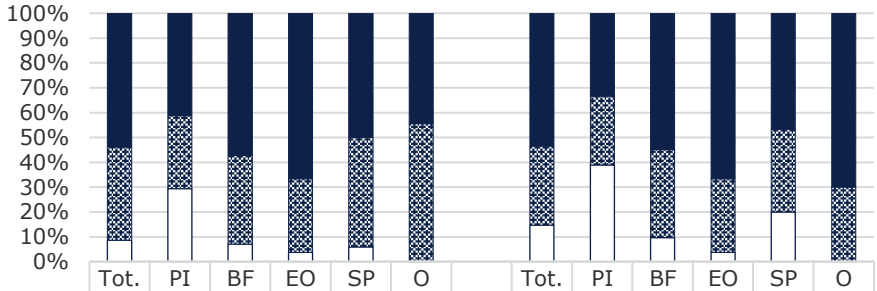
- There appear to be certain dangers of fraud and/or misuse of the IOSS number. One stakeholder noted that the IOSS is in practice used for VAT fraud, in particular with relation to dropshipping. Other stakeholders described a separate issue with the IOSS number and a misuse of the number, for example that there is a conflict with the number being considered semi-secret by sellers but the buyer needing it to declare the parcel to customs or the IOSS number being used fraudulently.
- The lowering of the distance selling limit to EUR 10.000 is creating problems for some stakeholders. In particular SMEs run into the obligation to register in other EU countries or use the OSS due to the change. This requires them to obtain the necessary information about the respective national VAT law, which can be time-consuming and costly.
- Several respondents remarked that the OSS could be improved by including both B2C and B2B transactions.
- A number of problems were being mentioned with the overall functioning of the IOSS and OSS, such as: certain operators being still inexperienced in managing imports through the IOSS; the IOSS/OSS being difficult to apply for deemed suppliers; occurrences of double-taxation when VAT is collected at customs and through the IOSS; Member States requiring businesses to include OSS/IOSS transactions in domestic VAT returns leading to additional complexity.

Despite the introduction of the OSS and the IOSS, there are still transactions that require taxpayers to obtain and maintain multiple VAT registrations across the EU. Stakeholders were asked to assess the importance of these transactions by assessing whether they are widespread among businesses or in specific segments, and the affected share of turnover. Among the listed transactions, **stakeholders assessed the transfer of own goods cross-border as the most widespread transaction, representing a significant share of their turnover**. Close to 60% of respondents expressed this view. Export from a Member State in which the exporter is not established was considered to be either relevant only in specific market segments or affecting a limited proportion of turnover. The domestic supply of B2B services where the reverse charge does not apply was considered a more marginal transaction in terms of both prevalence and turnover significance. Overall, however, none of the proposed transactions was seen as marginal by a majority of replies, meaning a majority thinks each of them has at least sectoral prevalence, or is widespread among businesses, albeit with a low turnover significance.

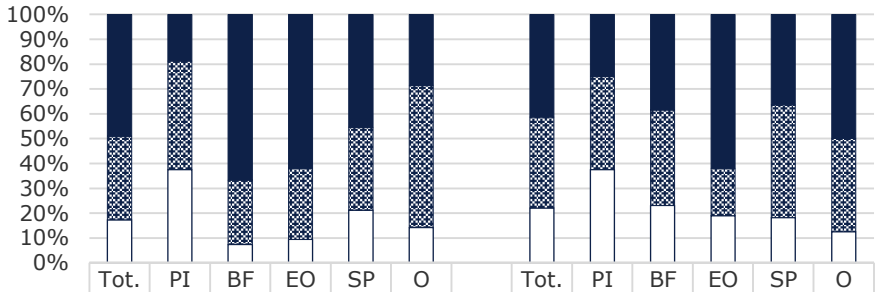
Questions #3.13 – Despite the introduction of the OSS and IOSS, several types of transaction still require taxable persons to obtain and maintain multiple VAT registrations. In your view, how important is each of these?



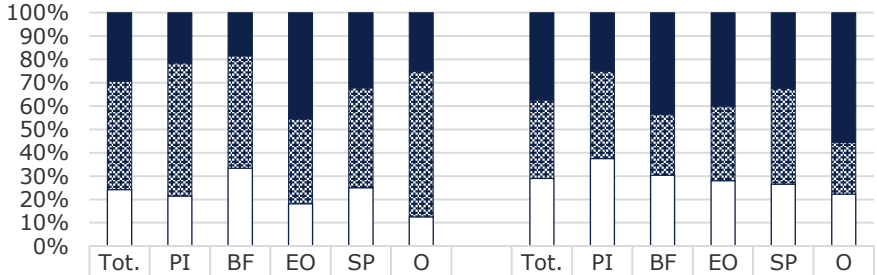
	Transfer of own goods cross-border							Chain transactions						
	Tot.	PI	BF	EO	SP	O		Tot.	PI	BF	EO	SP	O
■ 3 –widespread among businesses and representing a significant share of turnover for the businesses concerned	71	6	20	18	21	6		52	5	13	13	16	5
▩ 2 – only prevalent in specific market segments and / or affect many business but only a small proportion of their turnover	33	6	8	5	10	4		43	7	9	7	15	5
□ 1 – marginal in terms of both prevalence and turnover significance	18	5	3	5	4	1		15	2	4	5	4	0



	B2B2C transactions; namely intra-community acquisitions followed by domestic sale to final consumer							Domestic B2B supply of goods where reverse charge doesn't apply						
	Tot.	PI	BF	EO	SP	O		Tot.	PI	BF	EO	SP	O
■ 3 –widespread among businesses and representing a significant share of turnover for the businesses concerned	62	7	16	18	17	4		62	6	17	18	14	7
▩ 2 – only prevalent in specific market segments and / or affect many business but only a small proportion of their turnover	43	5	10	8	15	5		37	5	11	8	10	3
□ 1 – marginal in terms of both prevalence and turnover significance	10	5	2	1	2	0		17	7	3	1	6	0



	Domestic supplies of B2C goods made by non-established suppliers							B2C distance sales of goods imported by the supplier from third country						
	Tot.	PI	BF	EO	SP	O		Tot.	PI	BF	EO	SP	O
3 –widespread among businesses and representing a significant share of turnover for the businesses concerned	51	3	18	13	15	2		43	4	10	13	12	4
2 – only prevalent in specific market segments and / or affect many business but only a small proportion of their turnover	35	7	7	6	11	4		38	6	10	4	15	3
1 – marginal in terms of both prevalence and turnover significance	18	6	2	2	7	1		23	6	6	4	6	1

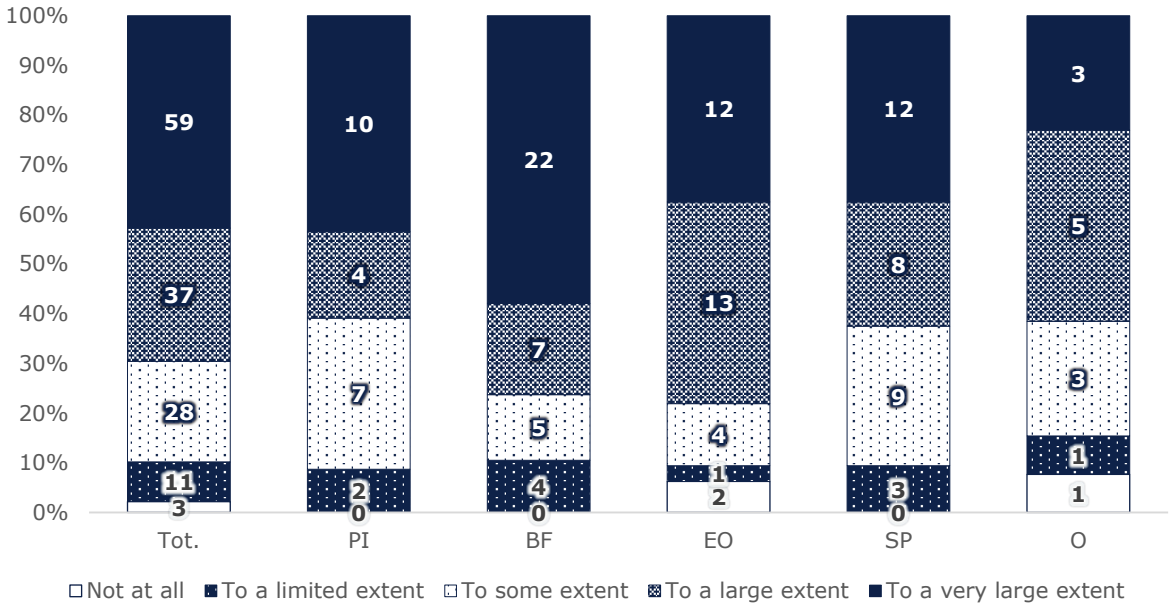


	Export from MS where exporter is not established, not under transit							Domestic supply of B2B services where reverse charge doesn't apply						
	Tot.	PI	BF	EO	SP	O		Tot.	PI	BF	EO	SP	O
3 –widespread among businesses and representing a significant share of turnover for the businesses concerned	29	3	5	10	9	2		40	4	10	10	11	5
2 – only prevalent in specific market segments and / or affect many business but only a small proportion of their turnover	46	8	13	8	12	5		36	6	6	8	14	2
1 – marginal in terms of both prevalence and turnover significance	24	3	9	4	7	1		31	6	7	7	9	2

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

Despite the introduction of the OSS and the IOSS, **124 responding stakeholders (90% of those providing an opinion) thought that the requirement to obtain and maintain multiple VAT registrations continues to be a problem, at least to some extent**. Over two-thirds thought it is a problem to a large or even very large extent.

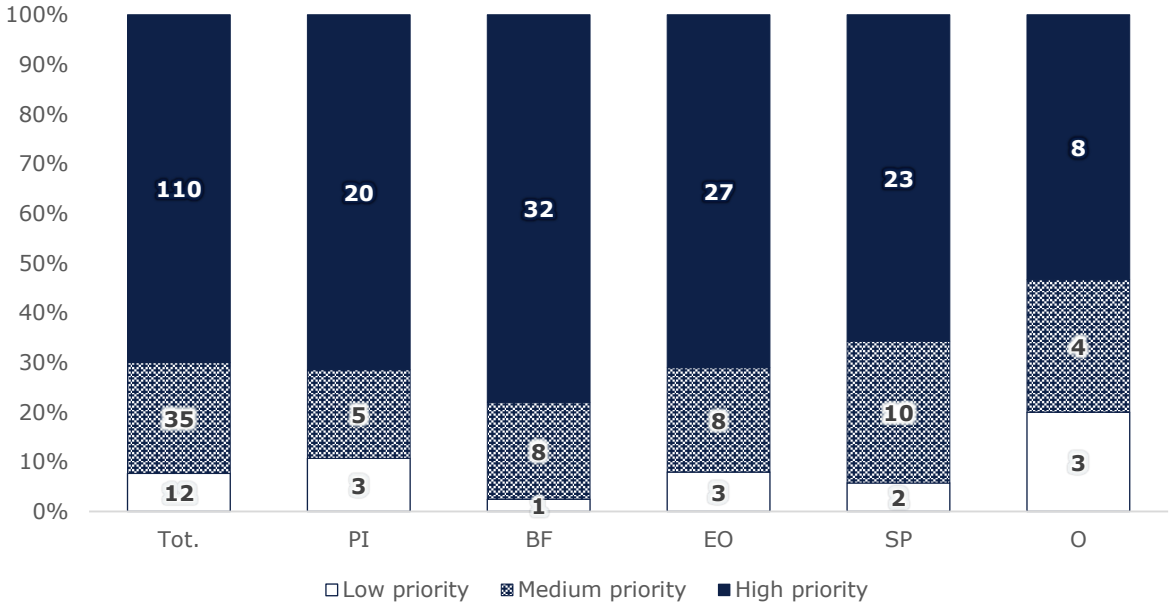
Questions #3.14 – Taking into account your experience of the OSS and IOSS do you think that the requirement for taxable persons to obtain and maintain multiple VAT registrations continues to be a problem?



PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

With a majority of stakeholders still seeing problems with multiple VAT registrations, **over two-thirds of respondents believed that it should be a high priority for the European Commission to take further action to reduce the need for taxpayers to hold multiple VAT registrations**. An additional fifth of replying stakeholders said that it should be a medium priority, and less than 10% thought it being a low priority is appropriate.

Questions #3.15 – How big a priority do you think it should be for the European Commission to take further action to reduce the need for taxable persons to hold multiple VAT registrations?

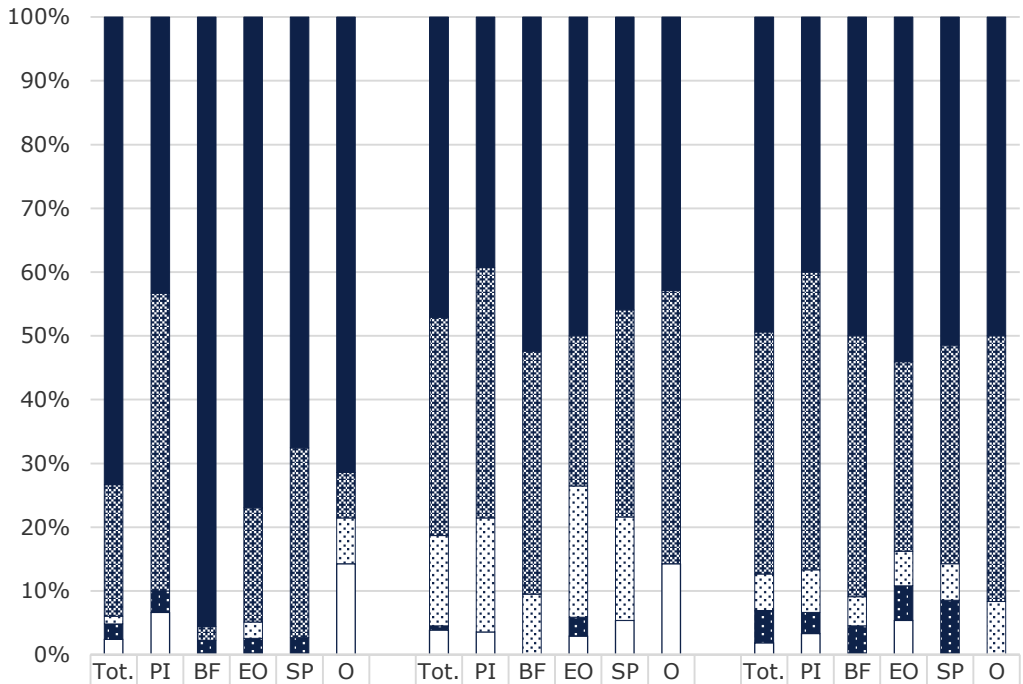


PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

According to more than 90% of stakeholders, **VAT registration requirements lead to high administrative and compliance costs for businesses**. Especially business

federations supported this view. Over 80% of respondents considered that difficult compliance with VAT registration requirements contributes to high levels of fraud and non-compliance, and that taxpayers do not pursue certain markets or transactions due to them wanting to avoid VAT registration in multiple Member States.

Questions #3.16 – Please express your agreement or disagreement with the following statements concerning the current situation?



	VAT registration requirements lead to high admin. & compliance costs for businesses						By making compliance difficult, VAT registration requirements contribute to high levels of fraud & non-compliance						Because they want to avoid VAT registration in multiple MS, many taxpayers do not pursue certain markets or transactions					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Agree	121	13	43	30	25	10	73	11	22	17	17	6	78	12	22	20	18	6
Partly agree	34	14	1	7	11	1	53	11	16	8	12	6	60	14	18	11	12	5
Neither agree nor disagree	2	0	0	1	0	1	22	5	4	7	6	0	9	2	2	2	2	1
Partly disagree	4	1	1	1	1	0	1	0	0	1	0	0	8	1	2	2	3	0
Disagree	4	2	0	0	0	2	6	1	0	1	2	2	3	1	0	2	0	0

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

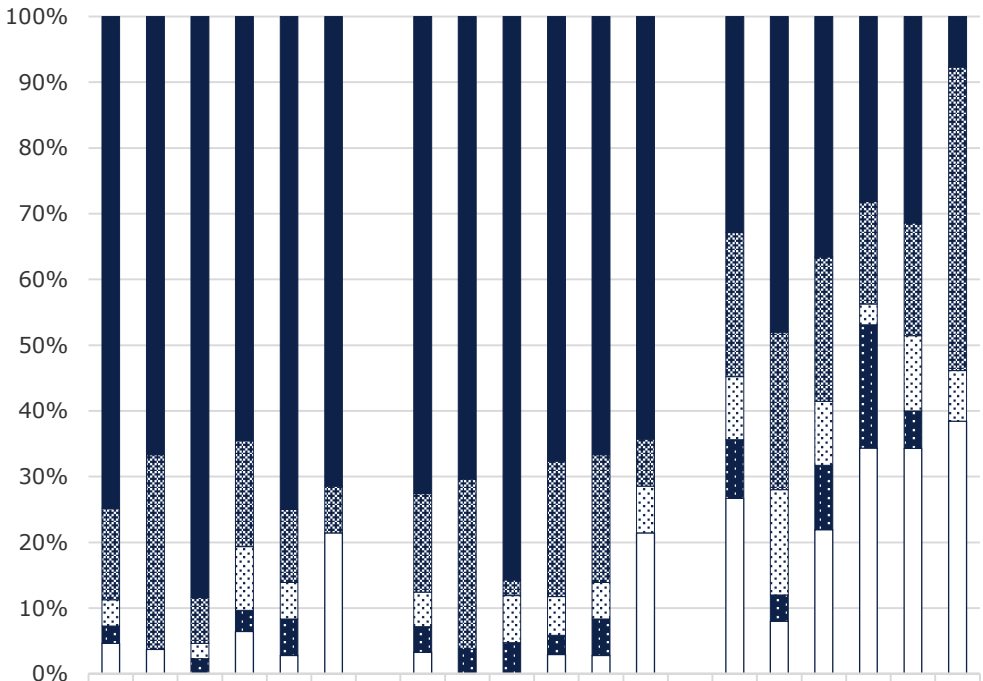
In order to reduce the scope of situations where non-established businesses have to register for VAT, the European Commission is considering some policy options, on which a view was sought from respondents. **The strongest agreement among stakeholders was for the option to extend the OSS to cover all B2C supplies of goods and services by non-established suppliers**. Around three-fourths of replies noted full agreement with this option, with business federations agreeing at an even higher rate. Only slightly less respondents agreed or at least partly agreed with extending the OSS to intra-Community supplies and acquisitions of goods, and to B2B supplies of goods and services, together with the introduction of a deduction mechanism into the OSS. The latter was in fact the most popular option among economic operators. More than half of answers indicated that they agree also with the options of making reverse charge available for all B2B supplies carried out by non-established suppliers, and with removing the €150 threshold for IOSS. Two more options were at least partly agreed by a majority, namely to extend the OSS to B2B supplies of goods and services but leaving the current VAT refund mechanism in place, and making the IOSS mandatory for all distance sales of goods. The former, however, was not agreed to by economic operators. The options of making the IOSS mandatory either for all distance

sales of goods above a certain threshold or for marketplaces only did not find agreement among a majority of responding stakeholders.

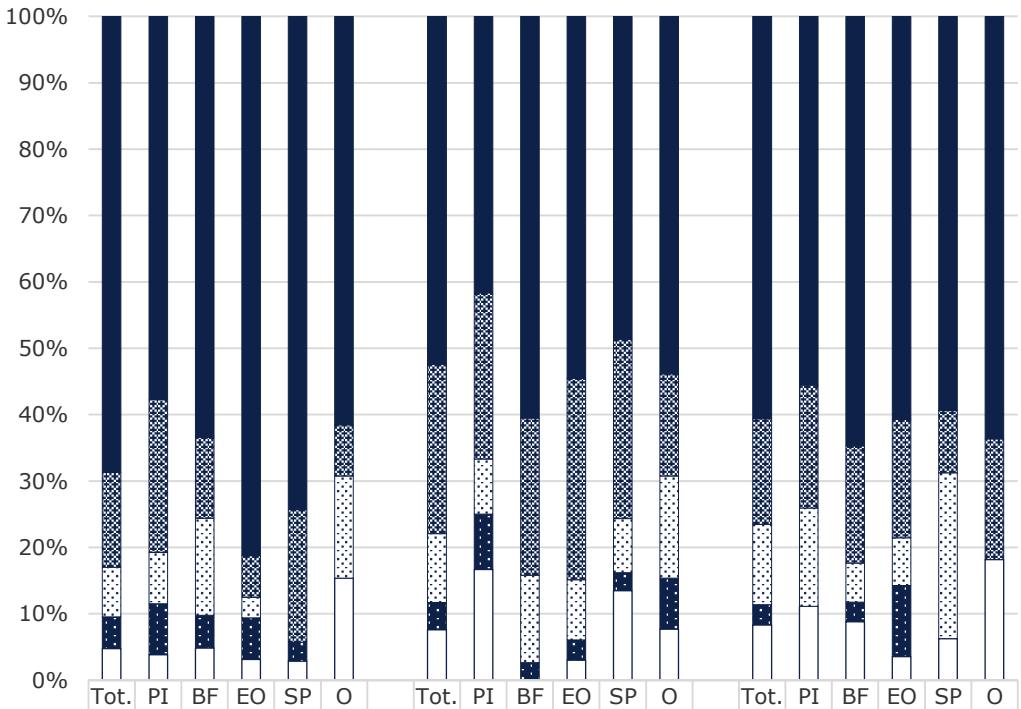
Box 4 – Suggestions to make the IOSS more fraud-proof

In addition to their opinion on the proposed policy options, stakeholders were asked to put forward suggestions to make the IOSS more fraud-proof. A suggestion brought forward by a range of stakeholders was the introduction of a robust system to avoid the misuse of the IOSS number, for example by introducing a two-factor-authentication or by making it easier for intermediaries to spot fraudulent uses of IOSS numbers by allowing them access to EU databases logging all imports using the relevant IOSS number. It was also suggested by some respondents to improve communication with Customs authorities, such as providing additional data to the authorities or sharing information collected by Customs with businesses to reconcile their IOSS VAT returns. Finally, a stakeholder suggested to introduce a solution for the calculation and collection of VAT immediately on all IOSS sales at the time of sales, eliminating the intermediary role.

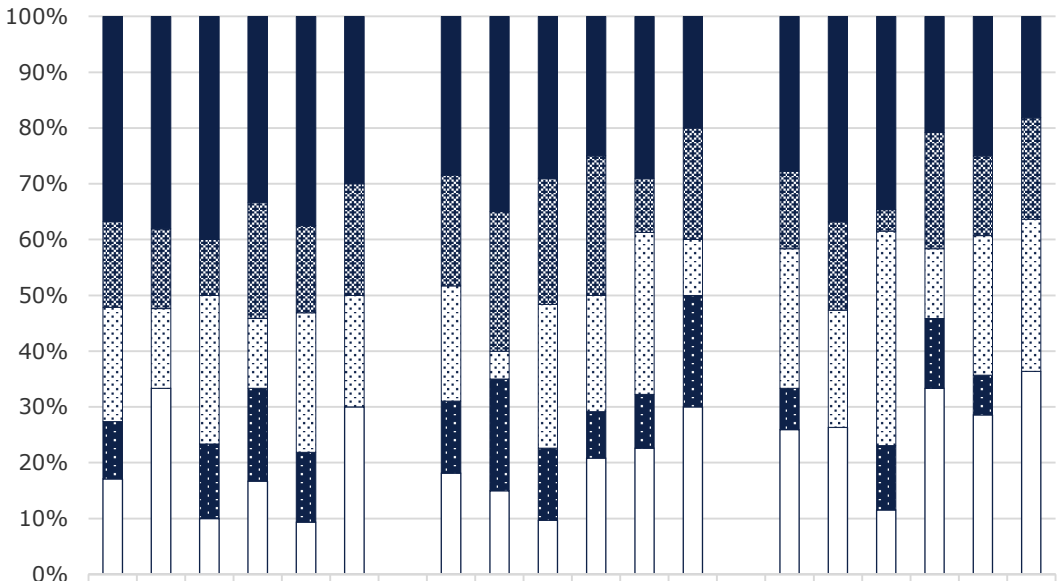
Questions #3.16 – The European Commission is currently considering some policy options to further reduce the scope of situations where non-established businesses have to register for VAT. Please express your agreement or disagreement with these.



	Extension of OSS to cover all B2C supplies of goods & services by non-established suppliers						Extension of OSS to enable intra-Community supplies & acquisitions of goods						Extension of OSS to B2B supplies of goods & service but leaving in place current VAT refund mechanism					
	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O	Tot.	PI	BF	EO	SP	O
Agree	113	18	38	20	27	10	111	19	36	23	24	9	48	12	15	9	11	1
Partly agree	21	8	3	5	4	1	23	7	1	7	7	1	32	6	9	5	6	6
Neither agree nor disagree	6	0	1	3	2	0	8	0	3	2	2	1	14	4	4	1	4	1
Partly disagree	4	0	1	1	2	0	6	1	2	1	2	0	13	1	4	6	2	0
Disagree	7	1	0	2	1	3	5	0	0	1	1	3	39	2	9	11	12	5



	Extension of OSS to B2B supplies of goods & services, while also introducing a deduction mechanism into the OSS							Reverse charge made available for all B2B supplies carried out by non-established suppliers							Removing the €150 threshold for IOSS					
	Tot.	PI	BF	EO	SP	O		Tot.	PI	BF	EO	SP	O		Tot.	PI	BF	EO	SP	O
Agree	101	15	26	26	26	8		76	10	23	18	18	7		80	15	22	17	19	7
Partly agree	21	6	5	2	7	1		37	6	9	10	10	2		21	5	6	5	3	2
Neither agree nor disagree	11	2	6	1	0	2		15	2	5	3	3	2		16	4	2	2	8	0
Partly disagree	7	2	2	2	1	0		6	2	1	1	1	1		4	0	1	3	0	0
Disagree	7	1	2	1	1	2		11	4	0	1	5	1		11	3	3	1	2	2



	Making IOSS mandatory for all distance sales of imported goods							Making IOSS mandatory for all distance sales of imported goods above an EU turnover threshold (e.g: €10,000)							Making IOSS mandatory for the marketplaces (deemed supplier) only					
	Tot.	PI	BF	EO	SP	O		Tot.	PI	BF	EO	SP	O		Tot.	PI	BF	EO	SP	O
Agree	43	8	12	8	12	3		33	7	9	6	9	2		30	7	9	5	7	2
Partly agree	18	3	3	5	5	2		23	5	7	6	3	2		15	3	1	5	4	2
Neither agree nor disagree	24	3	8	3	8	2		24	1	8	5	9	1		27	4	10	3	7	3
Partly disagree	12	0	4	4	4	0		15	4	4	2	3	2		8	0	3	3	2	0
Disagree	20	7	3	4	3	3		21	3	3	5	7	3		28	5	3	8	8	4

PI: Private Individuals; BF: Business Federations; EO: Economic Operators; SP: Service Providers; O: Others.

For part 3, the additional comments provided by stakeholders are more diverse than for the other two thematic parts, but they can be classified under five main topics:

- Extend the OSS – several respondents called for the OSS to be extended. In particular the transfer of own goods and the subsequent domestic sale of that inventory was mentioned repeatedly as an area that should be included in the OSS. In addition, it is suggested by some to include the remaining areas of B2C transactions, in order to fully develop the already achieved simplification brought by the OSS.

- Remove €150 threshold for IOSS – the scope of the IOSS should also be broadened according to a number of stakeholders, who argued for a removal of the €150 threshold in order to do so. Yet, one respondent warned that this removal would need to be accompanied with a review of how customs duty is paid/collected.

- Making IOSS mandatory and its risks – while there were replies wishing for the IOSS to become mandatory, others did not wish to see this change. Certain stakeholders warned that this would make small overseas companies much less likely to sell to EU customers, if they only occasionally have sales into the EU market.

- General complexity – it was underlined by a range of answers that, while they do simplify things, the IOSS and OSS do not manage to solve the general complexity of the VAT system and also bring their own complexities. One respondent believed that the simplifications should be less targeted on how to declare VAT but rather on how to apply VAT, as the main problems of determining the right VAT rate or finding the proper place of supply rule remain. Other

stakeholders outlined that certain complexities arise due to administrative issues with the OSS and IOSS, such as determining residency, trying to understand how to correct invoices, and the lack of information about transactions within a VAT group. Furthermore, the mechanisms are still perceived as complex by smaller entities. Finally, it was mentioned that the interaction between the OSS and the margin regimes for second-hand goods needs to be examined, as they cannot be used together at the moment.

- Importance of reverse charge – a couple of respondents underlined the importance of the reverse charge mechanism and that it has proven simpler than the OSS system. Therefore, they insisted that the OSS should not override the reverse charge model.

HOW TO OBTAIN EU PUBLICATIONS

Free publications:

- one copy:
  via EU Bookshop (http://bookshop.europa.eu);

- more than one copy or posters/maps:
  from the European Union's representations (http://ec.europa.eu/represent_en.htm); from the delegations in non-EU countries (http://eeas.europa.eu/delegations/index_en.htm);

  by contacting the Europe Direct service (http://europa.eu/europedirect/index_en.htm) or calling 00 800 6 7 8 9 10 11 (freephone number from anywhere in the EU) (*).

  (*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

Priced publications:

- via EU Bookshop (http://bookshop.europa.eu).

Priced subscriptions:

- via one of the sales agents of the Publications Office of the European Union (http://publications.europa.eu/others/agents/index_en.htm).

KP-07-22-696-EN-N

Publications Office
of the European Union