



BRIEFING PAPER

Number 7075, 23 September 2015

VAT on digital services

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Summary

Many Members have been contacted by constituents concerned about the impact on small businesses of a change in the way digital supplies are treated for VAT. From 1 January 2015 businesses supplying telecommunications, broadcasting and e-services to consumers in other Member States must account for VAT in the Member State in which the customer is located rather than where the supplier is located.¹ This note provides some background on this change and the Government's response to these concerns.

¹ European Commission, [Questions & Answers: VAT changes from 2015](#), July 2014

1. VAT on digital supplies: the old rules

When businesses sell goods and services, they charge VAT on this supply, and account for the tax to the Exchequer. All businesses must register for VAT if their annual turnover of taxable goods and/or services is above a given threshold, which is currently £82,000.² (Businesses can offset against this bill any VAT they paid on supplies made *to them* – which means, in effect, the burden of the tax is met by the final consumer).

Generally, when businesses sell to businesses in another Member State – ‘B2B’ sales – VAT is collected in the Member State of destination (i.e. where the goods are sent to or where the recipient of services is established), in line with the rate and conditions of that country. This means that the supplier of goods or services does not charge VAT, but the recipient is responsible for paying it. Both the supplier and recipient must conform to special reporting obligations. There are exceptions to these rules. For goods or services provided to private individuals (i.e. business to customer or ‘B2C’ sales), the VAT is paid by the supplier in the Member State where the sale occurs or where the supplier is established. There are certain supplies for which different rules apply e.g. distance sales, new means of transport, certain services etc.³

Turning to digital supplies, the way in which VAT is charged on retail sales has depended on the location of the supplier, and the consumer. These two factors affect the rate of VAT charged the final customer, and the revenue authority to whom this tax is paid. Businesses located *outside* the EU charge their customers VAT at the rate prevalent in the Member State where the customer lives. They pay this tax to the country concerned. By contrast, businesses in the EU have charged VAT at the rate prevalent in the country where they are based, and account for the VAT in this country.

Although there is some harmonisation of VAT rates across the EU, the rate of VAT levied in each country on the same goods or services can vary significantly, and this is true for digital services. This has meant that some businesses have been able to exploit these rules to obtain a significant price advantage over others, but locating in a jurisdiction which charges a low rate of VAT on this type of supply.⁴

² Further information on registration is [collated on Gov.uk](#)

³ There is a good précis of these arrangements in a note published by the European Commission: *Questions and Answers: Value Added Tax (VAT)*, [MEMO/11/874_06/12/2011](#)

⁴ Details of VAT rates across Member States are [on the European Commission's site](#).

2. The new regime from 1 January 2015

In 2008 Member States agreed a reform of these rules, so that from January 2015 businesses within the EU would charge VAT on B2C sales in the same way as businesses outside the EU.⁵ So, a business in one Member State would levy VAT on a sale at the rate charged in the country where the customer lived. As a consequence of this change, businesses would not be in a position to undercut competitors by exploiting the variety of VAT rates across Member States, as noted in answer to a PQ:

Mr Spellar: To ask the Chancellor of the Exchequer what steps his Department is taking to ensure that online purchases are taxed at the appropriate rate.

Mr Gauke: VAT on goods is generally payable at the rate of the location of the customer, and therefore applies equally to goods bought from UK companies and goods bought from abroad, and to goods bought from high street retailers and those bought online. Under current EU rules supplies of digital or electronic services to non-business consumers are currently taxed where the supplier belongs. This means that if a company locates in a low VAT jurisdiction they will account for VAT at the rate in that country.

Member states agreed to change the taxation of intra-EU business-to-consumer (B2C) supplies of telecommunications, broadcasting and e-services with effect from January 2015. From that date VAT on these services will be payable in the member state in which the customer is located rather than where the supplier is located. This will prevent businesses from moving their operations to other member states to take advantage of lower VAT rates and will protect £5 billion in revenue each year.⁶

In the 2013 Budget the Coalition Government announced that it would introduce legislation to implement this change, and to provide for new arrangements to simplify the way in which businesses could account for VAT when selling to customers across the EU:

2.177 VAT: changes to the place of supply rules and introduction of the Mini One Stop Shop – The Government will legislate to change the rules for the taxation of intra-EU business to consumer supplies of telecommunications, broadcasting and e-services. From 1 January 2015 these services will be taxed in the member state in which the consumer is located, ensuring these are taxed fairly and helping to protect revenue. (*Finance Bill 2014*)

2.178 To support these changes, the Government will also legislate for the introduction of a Mini One Stop Shop from 1 January 2015. This will give businesses the option of registering in just the UK and accounting for VAT due in other member states using a single return. (*Finance Bill 2014*).⁷

⁵ The European Commission's site has chapter and verse on these reforms: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/telecom/index_en.htm
⁶ [HC Deb 15 January 2014 c599W](#)

⁷ *Budget 2013*, HC 1033, March 2013 p86

Draft legislation was published in December 2013,⁸ and provisions to implement these changes were included in the *Finance Act 2014* (ss103-6 & schedule 22). They were debated at the Committee stage of the Finance Bill on 10 June 2014; on this occasion the Treasury Minister, David Gauke, set out the reason for these changes, and responded to concerns that had been raised by his Opposition Shadow, Shabana Mahmood, that implementation might pose administrative problems for businesses; a long extract from the Minister's speech is given over the next two pages:

Mr Gauke: [These clauses] form part of a package to amend the UK's VAT system to provide that supplies of broadcasting, telecommunications and electronically supplied services to UK consumers will be taxed in the UK. They also introduce optional accounting schemes, called the mini one-stop shop, that will allow businesses to submit a single return for payment for their EU digital supplies to consumers in all member states where they are not established. The final element of the package will be a statutory instrument, which has already been exposed to consultation and will be introduced later in the year. Together, the measures will ensure that there is a level playing field for businesses by ensuring that those located in countries with low VAT rates, such as Luxembourg, can no longer undercut UK-based businesses.

The clauses, along with secondary legislation to which I referred, form the final part of a package of VAT changes that was agreed across the European Union in 2008 to align taxation better with the place of consumption. Currently, intra-Community supplies of broadcasting, telecommunications and e-services—known together as digital services—to non-business customers are subject to VAT in the member state where the supplier belongs.

From 1 January 2015, that will change to the member state where the customer belongs, which will ensure that UK consumers pay UK VAT no matter where the supplier of the services belongs. The change could increase administration costs for suppliers, as they are potentially liable to register and account for VAT in each member state where they have customers so, as I mentioned, we are introducing an IT system called the mini one-stop shop that gives suppliers the option to register in just one member state. They may then account for the VAT due on supplies of digital services in respect of all their EU customers in the other member states on a single VAT return.

After strong lobbying from the UK, the EU agreed changes to ensure that app stores and other internet portals will normally be responsible for accounting for the VAT on downloads to consumers, which will simplify accounting for many small businesses. We are also changing the place where a non-business legal person belongs for VAT purposes, which will help to ensure that the UK system is consistent with our EU partners preventing some supplies potentially not to be taxed.

The changes made [these clauses], along with the secondary legislation, will ensure that digital services are taxed in the place of consumption. The change is expected to result in an additional

⁸ see, HMRC, [VAT: place of supply and the introduction of the Mini-One Stop Shop - Tax Information & Impact Note](#), December 2013. At the time of the 2014 Budget the Government confirmed that this legislation would be introduced without any significant revisions ([Overview of Tax Legislation & Rates, March 2014 p17](#)).

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£300 million of revenue a year. It also removes an incentive for some businesses to consider locating elsewhere in the EU. The change will have an impact on large businesses that provide telecommunication and broadcasting services, and suppliers of electronic marketplaces such as electronic bookstores and app stores. It will affect many small providers of electronic services, such as software developers. We estimate that 34,000 businesses will be affected and the total additional costs of complying with the change will be £2.2 million a year, taking into account the benefits of the mini one-stop shop ...

It is worth pointing out that businesses have been invited to contribute to the design and implementation of practicalities arising from the legislative change. The IT system has been designed with help from interested parties in the business community. Simplifications have been agreed by member states to make the process easier for businesses to administer.

In terms of whether this measure makes it more difficult for UK businesses to trade with EU customers and the impact on competition among member states, any potential disadvantage caused by member states' differing VAT rates will be removed, as all suppliers of digital services will apply the VAT rate appropriate to their customers' country. There is no reason to believe that UK suppliers will be at a disadvantage compared with their competitors.

As for whether different countries will treat different services differently, e-services are clearly defined as services requiring little or no human intervention, so there should not be different treatment by different member states. However, we will, of course, continue to keep the matter under review.

On the question of what is being done to publicise the changes, the European Commission has published interim guidance on its website and is holding road shows throughout Europe, one of which has just been held in London. HMRC has published its own guidance and is engaged with stakeholder groups, and with industry and its representatives. HMRC will continue to publish guidance on an ongoing basis, and some information is already on its website.

I can reassure the Committee that the UK system is on course to be delivered on time. The Commission is monitoring developments in each member state and a fall-back system will be available if a member state cannot deliver its system on time. I am reassured—I hope that the Committee will be reassured—that, from the perspective of the UK, everything appears to be on course.

A sense of fairness is relevant to digital services. A number of UK digital businesses have faced difficulty over the years due to competition from businesses based outside the UK, not through providing a better service, but because of their ability to undercut UK businesses due to a lower rate of VAT. A tax at the point of consumption rather than at the point of supply is a sensible approach for digital businesses. It is to be welcomed that the Government are able finally to address that issue in the Bill, and I hope that the clauses will stand part of the Bill.⁹

⁹ Public Bill Committee (Finance Bill), [Eleventh sitting](#), 10 June 2014 cc 392-4. Initially these provisions formed clauses 97-100 & Schedule 18 to the Bill.

The Committee agreed these provisions, unamended, without a vote. The secondary legislation which the Minister referred to was debated and agreed on 3 November 2014. On this occasion Ms Mahmood noted that as a result of this change, small businesses would find that they might have to “register for VAT in each of the Member States in which they make supplies to non-business persons”:

During the passage of this year’s Finance Bill, the Minister and I discussed at length the establishment of the mini one stop shop scheme, through which businesses can register in the member state in which they are established. They will be able to submit one mini one stop shop VAT return for all their intra-EU BTE supplies, which will save them from having to register for VAT in every single EU state. The explanatory memorandum for the order states: “HMRC is discussing implementation of the measure with small businesses through a working group.” Have the members of the working group voiced any concerns about the implementation of the measure, and how are those concerns being addressed? ¹⁰

In response Mr Gauke said the following:

Small businesses may face some additional compliance costs, but they will also benefit from a level playing field, with larger companies based outside the UK having to account for UK VAT on UK suppliers on the same basis as small companies based here. Obviously, we will keep administrative burdens under review. When it comes to specific concerns raised by members of the working group, they have raised the need for guidance, but, as the hon. Lady acknowledged, such guidance has been published on the HMRC website and on the EU website.¹¹

Although there was relatively little comment on these changes in the House outside these exchanges, the implications for businesses were discussed in the technical press.¹² In a piece in *Taxation* in June, the author noted that some small businesses might elect to supply only UK customers, to avoid registering for MOSS.¹³

¹⁰ Third Delegated Legislation Committee, [Value Added Tax \(Place of Supply of Services\) \(Exceptions Relating to Supplies Not Made to Relevant Business Person\) Order 2014](#), 3 November 2014 c4

¹¹ *op.cit.* c5

¹² eg, “VAT focus: Cross-border supplies – managing the risks”, *Tax Journal*, 31 October 2014; “Changes to EU VAT”, *Accountancy*, January 2015 pp44-47

¹³ “Threat or opportunity?”, *Taxation*, 19 June 2014

3. Recent developments

In late 2014 many Members were contacted by constituents running small businesses who had been unaware of the new rules, concerned that they would have to register for VAT if they wished to continue to supply customers outside the UK. In response to these concerns HM Revenue & Customs published new guidance on 10 December 2014, to clarify the circumstances when smaller businesses would need to be VAT-registered:

HM Revenue and Customs (HMRC) has published additional guidance for UK micro and small businesses who supply digital services to consumers in other EU Member States. The Revenue and Customs brief tells them:

- how to comply with new VAT rules on the place of taxation of digital services that come into force on 1 January 2015
- how to register for HMRC's VAT Mini-One Stop Shop (MOSS) and still benefit from the UK's VAT registration threshold for sales to UK consumers.

Affected are UK businesses that sell digital services cross-border to consumers in other EU Member States.¹⁴

An extract from this guidance is reproduced below. At this time the VAT registration threshold was £81,000. It was increased to £82,000 with effect from 1 April 2015.¹⁵

Registration for MOSS by businesses currently below the UK VAT Registration threshold (£81,000)

If you supply digital services to a customer in another EU member state, you must account for VAT to the tax authorities in that member state and at that member state's VAT rate. So you do not have to register for VAT in every member state where you have customers, HMRC has developed a MOSS service for UK-based suppliers of digital services ... Although it is a condition of registering for the MOSS that you must have a UK VAT registration number to identify the business, you will not lose your UK VAT registration threshold.

Who will this affect?

These simplified VAT registration arrangements will only be available to you if:

- you are a UK-based supplier of digital services
- you wish to use the VAT MOSS
- your UK taxable turnover is below the UK-VAT registration threshold (currently £81,000)

How will this work?

If you make taxable supplies of digital services to customers in other EU member states, and your UK taxable turnover is below the UK VAT registration threshold, you may use the VAT MOSS to account for the VAT due in other EU member states but you do

¹⁴ HMRC press notice, [HMRC gives small businesses additional guidance on 1 January VAT changes](#), 10 December 2014

¹⁵ This change was made by Order: [SI 2015/750](#).

not need to account for and pay VAT on sales to your UK customers.

In these circumstances, you must:

- apply for UK VAT registration (see below)
- restrict any VAT refund claims you submit to HMRC to amounts directly attributable to your cross-border EU sales activities on which you will be accounting for VAT through MOSS (see *Reclaiming VAT on your expenses and purchases* below)

Applying for VAT Registration

You must apply for [UK VAT registration](#). When you are prompted to search for the correct business activity, you should select:

- search by business activity and then enter digital services in the following text box
- you will then be directed to select the business activity entitled supplies of digital services (below UK VAT threshold) under MOSS arrangements

Only follow this procedure:

- if you supply digital services to customers in other EU member states
- you wish to use the MOSS to account for VAT on those supplies
- your UK taxable turnover is below the VAT threshold

If these conditions do not apply, you should choose the Business Activity that best describes your business. Following this process will ensure that HMRC can deal with your VAT registration application quickly.

Reclaiming VAT on your expenses and purchases

As you will not be charging VAT on your UK sales, any VAT you reclaim on your business expenses and purchases ... must be either wholly attributable to your cross-border digital service supplies accounted for through MOSS, or only that proportion which is attributable to those sales. For example, you might purchase a computer which you use to make all of your sales. If 60% of your sales are UK sales, and 40% of your sales are to customers in other EU member states, you would be able to recover 40% of the VAT charged on the purchase of the computer. Please see further guidance on [Reclaiming VAT](#).

You may also reclaim VAT on any business expenses incurred in other EU member states, provided these are directly related to your cross-border sales of digital services. To do this, you will need to complete a cross-border VAT refund application. There is guidance at [VAT: refunds for UK businesses buying from other EU countries](#) ...

VAT MOSS Return

You must declare any supplies of digital services to EU customers on the VAT MOSS return. You can view the guidance at [Register for and use the VAT Mini One Stop Shop](#). VAT MOSS return periods are calendar quarters (e.g. the first return period runs from 1 January to 31 March). Provided - when you registered for VAT – you selected the Business Activity entitled Supplies of digital services (below UK VAT threshold) under MOSS arrangements,

HMRC will ensure that your UK VAT return period is aligned with the VAT MOSS return period, so you can complete both the UK return and the MOSS return at the same time.

What if my UK turnover exceeds the VAT registration threshold?

It is important that you monitor your UK taxable turnover. If you exceed the VAT registration threshold (currently £81,000), you will need to start accounting for VAT on UK sales. There is information about how to calculate taxable turnover at [Calculate VAT taxable turnover](#). If you do not start to account for UK VAT at the right time, HMRC may assess any additional tax due.¹⁶

HMRC's new guidance was generally welcomed, for example by the Chartered Institute of Taxation:

Tax advisers have welcomed a government move which will save thousands of small businesses needing to register for European VAT on digital services from having to charge their customers UK VAT, provided their relevant turnover remains below the £81,000 threshold. But they question whether this can be achieved without explicit provision in legislation.

HM Revenue & Customs (HMRC) have adopted a proposal made by the Chartered Institute of Taxation (CIOT) to amend the VAT Mini One Stop Shop (MOSS) scheme so that businesses operating below the VAT threshold will be able to separate their sales to UK customers from sales to other EU customers.

MOSS is designed to simplify the VAT accounting process for businesses providing digital services to multiple EU member states.¹⁷ EU regulations which come into effect next year make VAT on digital services 'destination based', meaning it will be chargeable in the location of the consumer rather than the location of the provider.¹⁸ This meant sellers of e-books and online courses, among other products, having to register for VAT in up to 27 EU Member States unless they use MOSS. MOSS is an EU-wide scheme enabling such businesses to only register for VAT in one EU member state. However, in order to use MOSS in the UK, businesses are required to be locally VAT-registered. This meant that their entire turnover would be subject to VAT and they would effectively lose the benefit of the UK registration threshold even where they supplied a minimal amount of digital services to European consumers.

HMRC announced this week that businesses with turnover below the VAT registration threshold would be able to VAT register for MOSS in the UK and maintain the benefit of the threshold for UK supplies.

CIOT Tax Policy Director, Patrick Stevens, said: "There was vociferous rejection of the initial proposals particularly from smaller businesses for whom the removal of the UK VAT exemption would have defeated the very point of MOSS, since the amount of VAT they would pay on their domestic turnover would likely have been greater than the cost of the services they would

¹⁶ [VAT rule change and the VAT Mini One Stop Shop - additional guidance: Revenue and Customs Brief 46\(2014\)](#), 10 December 2014

¹⁷ 'Digital Services' include broadcasting, telecoms & electronic services such as website development.

¹⁸ Unlike the rules that apply in the UK, a business that makes supplies in a country other than where it is established may have to account for VAT in that country even if it has only €1 of turnover; there are no de minimis limits.

provide in another state. In most cases, they would have opted not to apply for MOSS but simply register to pay VAT in the state in which the particular service is being provided.

“We are happy to see that the Revenue has adopted a common sense approach which will no longer handicap these key drivers of the UK economy. We also welcome HMRC’s guidance in its Revenue and Customs Brief which provides a much clearer explanation of what supplies would cause a business to have to either register in other EU member states or adopt the MOSS.

“However, our concerns have not been entirely allayed. The current wording of the legislation means it is open to interpretation and will likely result in a situation whereby the separation of UK and EU sales will arise through HMRC concession rather than through proper legislative provision. This likely scenario is yet another reminder of the pitfalls of legislation, poorly designed in the first place, and thus subsequently requiring future concessions to mitigate the liabilities of affected taxpayers. This undermines the law and is deeply damaging to the sense of certainty businesses are looking for; lest we forget concessions can be withdrawn at the whim of the Revenue.”¹⁹

Prior to HMRC’s announcement some commentators had suggested that the UK should introduce a registration threshold for UK businesses making cross-border digital sales. In answers to questions on this, Ministers underlined that there is no provision in EU VAT law that would allow this:

Dr Julian Huppert: To ask Mr Chancellor of the Exchequer, if he will give consideration to extending the current VAT threshold to digital sales across the EU.

Mr David Gauke: Businesses that supply digital services to consumers in other Member States are covered by the new VAT rules. However, there are a number of supporting measures to mitigate the impact on small businesses.

HMRC will allow businesses below the VAT registration threshold to register for VAT in respect of their cross border sales only. This means these businesses can use the on-line Mini One Stop Shop, which removes the burden of registering for VAT in other Member States, whilst also retaining the benefit of the national VAT threshold for their domestic sales. Small businesses that sell through a digital platform will not have to register for VAT because the operator of the marketplace has the responsibility to account for the VAT.

HMRC has also provided extensive guidance to support businesses, including organising a Twitter Clinic and publishing answers to the main questions and is engaging with Enterprise Nation about the concerns of micro businesses.

A [Tax Information and Impact Note was published on 10 December 2013](#) which included an assessment of the impact on small and micro businesses ... Introducing a cross-border threshold for digital sales is not permitted under European Law. This would require a change in EU law agreed by all Member States.²⁰

¹⁹ CIOT press notice, [Advisers welcome common sense approach on digital firms’ VAT but warn uncertainty will remain](#), 16 December 2014. See also, “Treasury listens to VAT fears of digital entrepreneurs”, *Financial Times*, 5 December 2014

²⁰ [PQ217570, 10 December 2014](#)

In response to further PQs, the Government underlined that some SMEs would avoid having to register for VAT – because they sell their services through a digital platform, and that HMRC would continue to monitor the impact of the new rules:

Steve McCabe: To ask Mr Chancellor of the Exchequer, how many small and medium-sized businesses were directly consulted on the recently announced changes to VAT rules.

Mr David Gauke: I cannot comment on individual businesses but EU law provides that where a platform operator sets the general terms and conditions, or authorises payment, or handles delivery of the digital service, the platform is responsible for accounting for the VAT.

Steve McCabe: To ask Mr Chancellor of the Exchequer, whether his Department plans to monitor the effect of the VAT mini one stop shop and VAT rules changes which come into force on 1 January 2015 on small and micro businesses in the UK.

Mr David Gauke: HM Revenue & Customs (HMRC) will continue to support businesses, particularly small and micro businesses and will monitor the impact of the changes on them. HMRC will also monitor take up of the VAT Mini One Stop and UK VAT receipts arising from the changes. HMRC meets regularly with representatives of business to discuss a wide range of issues.²¹

There have continued to be concerns about the impact of the new regime on the smallest businesses,²² though there are plans at an EU level for mitigating the administrative burden that VAT places on businesses, as noted in a recent PQ:

Caroline Lucas : To ask Mr Chancellor of the Exchequer, with reference to the [Answer of 24 March 2015 to Question 228461](#), what steps he is taking to ensure that micro-businesses are not disadvantaged by Directive 2008/8/EC on EU VAT for digital services sold across borders; what progress he has made on getting the best deal for British firms; and if he will make a statement.

David Gauke : HM Revenue and Customs continues to provide proactive help and support for the smallest businesses and meets with small business representative groups regularly to hear their views, along with colleagues from HM Treasury.

The European Commission has taken issues raised by the UK government into account in plans for further reform, published in the Commission's Communication on the Digital Single Market on 6 May. These include a common EU-wide simplification measure (VAT threshold) to help small start-up e-commerce businesses.²³

An extract from the Commission's *Communication on the Digital Single Market* is given below:

Reducing VAT related burdens and obstacles when selling across borders

The complications of having to deal with many different national systems represent a real obstacle for companies trying to trade cross-border both on and offline. Since 1 January 2015, with the

²¹ [PQ219175](#) & [PQ219236](#), 8 January 2015. See also, [HC Deb 15 January 2015 c989](#)

²² eg, "Gathering no MOSS?", *Taxation*, 14 May 2015

²³ [PQ8355, 10 September 2015](#)

entry into force of new "place of supply" rules (backed unanimously by 28 Member States), VAT on all telecommunications, broadcasting and electronic services is levied where the customer is based, rather than where the supplier is located. In parallel, an electronic registration and payment system has been implemented to reduce the costs and administrative burdens for businesses concerned.

This should be extended to tangible goods ordered online both within and outside the EU. Instead of having to declare and pay VAT to each individual Member State where their customers are based, businesses would be able to make a single declaration and payment in their own Member State.

Currently goods ordered online from third country suppliers can benefit from the small consignment import exemption allowing shipment free of VAT to EU private customers. This gives them a competitive advantage over EU suppliers and market distortions have already been signalled in various Member States. Such an exception would no longer be needed if VAT were to be collected through a single and simplified electronic registration and payment mechanism.

- An EU business wishing to make cross-border sales faces a VAT compliance cost of at least EUR 5,000 annually for each targeted Member State.
- EU businesses face significant distortions from VAT free goods supplied by non-EU business. These distortions cost EU business turnover of up to EUR 4.5 billion annually.

The Commission is working to minimise burdens attached to cross-border e-commerce arising from different VAT regimes, provide a level playing field for EU business and ensure that VAT revenues accrue to the Member State of the consumer. The Commission will also explore how to address the tax treatment of certain e-services, such as digital books and online publications, in the context of the general VAT reform.

In addition, as regards direct taxation, the Commission will shortly present an Action Plan on a renewed approach for corporate taxation in the Single Market, under which profits should be taxed where the value is generated, including in the digital economy

The Commission will make legislative proposals in 2016 to reduce the administrative burden on businesses arising from different VAT regimes including (i) extending the current single electronic registration and payment mechanism to intra-EU and 3rd country online sales of tangible goods, (ii) introducing a common EU-wide simplification measure (VAT threshold) to help small start-up e-commerce businesses, (iii) allowing for home country controls including a single audit of cross-border businesses for VAT purposes and (iv) removing the VAT exemption for the importation of small consignments from suppliers in third countries.²⁴

To date the Commission has not published any further details.

²⁴ [A Digital Single Market Strategy for Europe COM\(2015\) 192 final, 6 May 2015](#) pp8-9. See also, [Questions and answers - Digital Single Market Strategy \(MEMO 15-4920\), 6 May 2015](#)

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