



EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
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Opinion

Title

**DG TAXUD –
Modernising VAT obligations for Cross-Border e-Commerce**

(version of 25 May 2016)*

(A) Context

New rules on VAT for electronic services (telecommunications, broadcasting and electronic services) came into force on 1 January 2015, introducing some simplification elements: namely the 'destination principle' and the mini one stop shop (MOSS). The Commission's Digital Single Market strategy of May 2015 identified a clear need to go further, with VAT obligations still being identified as particularly burdensome and hindering cross-border trade, both online and offline. The VAT Action Plan of April 2016 recognised the specific challenge of cross-border e-commerce and reiterated the commitment by the Commission to bring forward a proposal before the end of 2016. This impact assessment analyses options to modernise VAT obligations for cross-border e-commerce and is part of the REFIT programme.

(B) Overall opinion: POSITIVE

The Board gives a positive opinion, with a recommendation to further improve the report in the following key aspects:

- (1) The policy context should be better described. In particular the REFIT elements of the initiative should be brought out more clearly.**
- (2) The need for EU action should be further elaborated, including how the principles of subsidiarity and proportionality apply.**
- (3) The links between general and specific policy objectives should be further refined.**
- (4) The analysis of the impacts should be improved, especially by bringing out the costs and benefits of each option more clearly.**

The lead DG shall ensure that these recommendations are duly taken into account in the report prior to launching the inter-service consultation.

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

(C) Main recommendations for improvements

(1) Improve the policy context. The broader policy background should be better described, inter alia by clarifying the link to the Digital Single Market strategy, the VAT Action Plan and the e-Government Action Plan. The REFIT elements of the initiative should be brought out more clearly and underlined, drawing on the implementation study of the 2015 changes to the VAT rules for electronic services.

(2) Better present the EU right to act. The report should better explain why it is appropriate for the EU to take measures in this specific case and what the added value is. In doing so, the assessment of the initiative in relation to the proportionality and subsidiarity principles should be strengthened.

(3) Refine the links between general and specific objectives. The report should make clearer connections between the different policy objectives. It should be better explained who is targeted by the policy initiative (e.g. businesses, EU national authorities, third countries, etc).

(4) Improve the analysis of the impacts. The report should better present the impacts of the different policy options, in particular by bringing out the costs and benefits of each option more clearly. In doing so, the report should draw on the already existing information included in the implementation study annexed to the impact assessment. The effects on consumers should be made more evident.

(D) Procedure and presentation

Generally, the report presents a proportionate analysis. The structure and presentation are clear and the language understandable. The executive summary should be presented in line with the standards set in the Better Regulation Guidelines.

(E) RSB scrutiny process

Reference number	2016/TAXUD/002
External expertise used	No
Date of RSB meeting	22 June 2016 (written procedure)