

EU's VAT system to tackle fraud in e-commerce

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

Following the meeting of the European Union's (EU) Council of Finance Ministers (ECOFIN) on 8 November 2019, it was reported that the EU's value-added tax (VAT) system will be amended to help tackle fraud in the e-commerce sector, which is estimated at around €5 billion a year in the EU. New rules provisionally agreed by the EU Member States will make relevant data regarding online purchases available to anti-fraud authorities to fight VAT fraud in the sector.¹

The new rules will allow anti-fraud experts in EU Member States to have access to VAT-relevant data held by payment intermediaries (such as credit card and direct debit providers), who currently facilitate over 90% of online purchases in the EU. Amendments to the VAT Directive will require payment service providers to provide Member States' VAT authorities with certain payment data from cross-border sales. Strict conditions will apply to data collection (including rules related to data protection). Anti-fraud specialists (the Eurofisc network) can then access and analyze the collected data.

It is expected that these measures will allow the EU authorities to identify online sellers who do not comply with VAT obligations, including businesses that are not located in the EU. Similar provisions that are already in place in some Member States and in other countries are reported to have had a tangible effect in tackling fraud in the e-commerce sector.

The new rules will now need to be confirmed by the European Parliament before entering into force in January 2024.

Endnote

1. The text of the agreement on payment data is available here: <http://data.consilium.europa.eu/doc/document/ST-13519-2019-INIT/en/pdf>.

For additional information with respect to this Alert, please contact the following:

Ernst & Young Belastingadviseurs LLP, Amsterdam

- ▶ Gijsbert Bulk, *Global Director - Indirect Tax* gijsbert.bulk@nl.ey.com

Ernst & Young LLP (United Kingdom), London

- ▶ Kevin MacAuley, *EMEIA* kmacauley@uk.ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Indirect Tax

© 2019 EYGM Limited.
All Rights Reserved.

EYG no. 005112-19Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com