Council of the European Union

Brussels, 22 June 2020
(OR. en)

9027/20

Interinstitutional Files:
2020/0081(CNS)
2020/0082(CNS)
2020/0084(CNS)

FISC 137
ECOFIN 524

NOTE

From:	General Secretariat of the Council
On:	10 June 2020
To:	Delegations
No. Cion doc.:	COM(2020) 197 final COM(2020) 198 final COM(2020) 201 final
Subject:	OPINION of the European Economic and Social Committee - Proposal for a Council Directive amending Directive 2011/16/EU to address the urgent need for deferring certain time limits for the filing and exchange of information in the field of taxation due to the COVID-19 pandemic [COM(2020) 197 final – 2020/0081 (CNS)] - Proposal for a Council Decision amending Directives (EU) 2017/2455 and (EU) 2019/1995 as regards the dates of transposition and application due to the outbreak of the COVID-19 crisis [COM(2020) 198 final – 2020/0082 (CNS)] - Proposal for a Council Regulation amending Regulation (EU) 2017/2454 as regards the dates of application due to the outbreak of the COVID-19 crisis [COM(2020) 201 final – 2020/0084 (CNS)]

Delegations will find attached the abovementioned opinion. This opinion is available in all language versions via the following link:

https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/postponement-taxation-rules-due-covid-19-crisis

ANNEX



ECO/519

Postponement of taxation rules due to the COVID-19 crisis

OPINION

European Economic and Social Committee

Proposal for a Council Directive amending Directive 2011/16/EU to address the urgent need for deferring certain time limits for the filing and exchange of information in the field of taxation due to the COVID-19 pandemic

[COM(2020) 197 final – 2020/0081 (CNS)]

Proposal for a Council Decision amending Directives (EU) 2017/2455 and (EU) 2019/1995 as regards the dates of transposition and application due to the outbreak of the COVID-19 crisis

[COM(2020) 198 final – 2020/0082 (CNS)]

Proposal for a Council Regulation amending Regulation (EU) 2017/2454 as regards the dates of application due to the outbreak of the COVID-19 crisis

[COM(2020) 201 final – 2020/0084 (CNS)]

Rapporteur-general: **Petru Sorin Dandea**

Referral	Council, 13/05/2020 and 15/05/2020
Legal basis	Articles 113 and 115 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Decision by the EESC President	14/05/2020
Adopted at plenary	10/06/2020
Plenary session No	552
Outcome of vote (for/against/abstentions)	218/2/6

1. **Conclusions and recommendations**

1.1 In view of the crisis triggered by the COVID-19 pandemic and the major disruption to the business environment caused by the exceptional measures imposed by the Member States, the European Economic and Social Committee endorses the package proposed by the European Commission aiming to extend deadlines for implementing the DAC and postponing the package regulating the VAT regime for cross-border e-commerce.

1.2 The Commission's evaluations show that deferring the deadlines set for the VAT regime for cross-border e-commerce will result in the loss to the Member States of around EUR°3°billion. Nonetheless, the Commission shows that the system can only be operational when all the Member States are prepared. The EESC recommends that the Member States take all measures necessary to ensure that the system becomes operational immediately after the current crisis.

1.3 The Directive on administrative cooperation in the field of taxation (DAC) and the package on the VAT regime for cross-border e-commerce are part of the EU rules on combating tax avoidance and fraud. The EESC acknowledges the Commission's efforts to combat this damaging issue, but points out that only improved cooperation between the Member States will yield truly significant results. The EESC encourages the Member States to seek the maximum consensus possible in the shortest possible time, to make these measures applicable quickly.

1.4 The EESC considers that the European Commission should also assist with the training of staff who will operate the new IT system necessary for implementing the new VAT regime for cross-border e-commerce.

2. **Background to the proposal**

2.1 Once the World Health Organization had made the announcement concerning the COVID-19 pandemic, some Member States informed the Commission that due to the exceptional measures that had been imposed at national level, they would be unable to implement some of the DAC's provisions or to transpose the package on VAT for e-commerce.

2.2 The Commission has issued a package of proposals to support the Member States at this difficult time. The European Commission's proposals[1] aim to defer a number of implementation or transposition deadlines stipulated by the Directive on administrative cooperation in the field of taxation (DAC) and Directives (EU) 2017/2455 and (EU) 2019/1995 and Regulation (EU) 2017/2454 regulating the VAT regime for cross-border e-commerce.

2.3 With regard to the DAC, the Commission proposes to extend the deadlines set by DAC2 and DAC6 by three months. More specifically, the exchange of information provided for by these two directives, regarding accounts held by non-residents and cross-border tax arrangements respectively, will take place after this date. Should the Member States be forced to extend the period during which exceptional measures are in force, the Commission proposes that the deadlines extended by the current package be extended by delegated act.

2.4 With regard to the transposition of the package on the VAT regime for e-commerce, the Commission proposes postponing the entry into application by six months. The VAT regime for e-commerce needs an entirely new IT system insofar as the Import One-stop shop mechanism is concerned.

2.5 The Commission's initiative is in line with the other measures introduced to date and meets justified requests from some of the Member States as well as businesses active in the postal and parcel delivery sector which, due to the situation created by the COVID-19 crisis, are finding it difficult to adapt their services to the new VAT regime for cross-border e-commerce.

3. General comments

3.1 The COVID-19 health crisis has created major social and economic disruption. The Member States have been faced with unprecedented challenges in a large number of areas. Tax administrations have noted that at this complicated time, they will be unable to apply some of the rules. The regulatory package proposed by the Commission extends some of the deadlines stipulated by the DAC, as well as the deadline for transposing the VAT regime for cross-border e-commerce. The EESC considers that extending the deadlines is necessary and endorses the measures proposed by the Commission.

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[1] COM(2020) 197 final, Proposal for a Council Directive amending Directive 2011/16/EU to address the urgent need for deferring certain time limits for the filing and exchange of information in the field of taxation due to the COVID-19 pandemic
COM(2020) 198 final, Proposal for a Council Decision amending Directives (EU) 2017/2455 and (EU) 2019/1995 as regards the dates of transposition and application due to the outbreak of the COVID-19 crisis
COM(2020) 201 final, Proposal for a Council Regulation amending Regulation (EU) 2017/2454 as regards the dates of application due to the outbreak of the COVID-19 crisis

3.2 The Commission expects the Member States to lose revenue as a result of the deferred deadlines stipulated in the VAT regime for cross-border e-commerce, and so the EESC recommends that the Member States take all necessary measures to exit the current crisis and return to normal as quickly as possible.

3.3 Given the uncertainty regarding just when people's lives and business activities will return to normal, the EESC agrees that the Commission may extend the deadlines stipulated in the package on the basis of delegated acts.

3.4 The Commission will provide the Member States with the technical assistance required to set up the IT system needed for the VAT regime for cross-border e-commerce. The EESC considers that the Commission must provide assistance and training for the staff who will operate the new system.

3.5 The DAC and the rules on the VAT regime for cross-border e-commerce are primarily intended to combat tax avoidance and fraud. The EESC acknowledges the Commission's efforts to combat this damaging issue, but points out that only improved cooperation between the Member States will yield truly significant results. The EESC encourages the Member States to seek the maximum consensus possible in the shortest possible time, to make these measures applicable quickly.

Brussels, 10 June 2020

Luca Jahier

The president of the European Economic and Social Committee