



## Joint Paper

14 April 2023

# Single VAT Registration in the EU: Towards a Unified VAT Solution

Ecommerce Europe and EuroCommerce welcome the publication of the “VAT in the Digital Age” legislative proposal by the European Commission, which is a great step forward to delivering a simplified and modernised VAT system in the EU. In particular, we are **strongly supportive of the “Single VAT Registration in the EU” pillar of the proposal as this will be a pivotal reform to significantly reduce the need for costly, time-consuming and often prohibitive need** for businesses wanting to sell products across the EU to maintain multiple VAT registrations. This legislative proposal achieves this through 1) the introduction of a transfer module through which businesses can report movements of own inventory across the EU; 2) the extension of the VAT Union-One-Stop Shop (UOSS) to domestic B2C sales from remote distribution hubs, and 3) the introduction of an EU harmonised reverse charge mechanism for domestic B2B sales.

As such, the EU Commission’s proposal is in line with our existing joint campaign on this topic (see <https://simplify-vat.eu/>).

However, the work is not yet done, as the proposal requires unanimous agreement from EU Member States to get adopted. If necessary, we **encourage Member States to consider a phased approach to adopt the proposal and to prioritize working on the single VAT ID pillar as it will strengthen the EU Single Market and remove barriers for cross border trade, especially for SME’s.**

### The need for a Single VAT Registration

The need for an UOSS extension combined with a transfer module lies on the fact that the VAT One-Stop Shop (OSS), which allows businesses to register for VAT, file VAT returns and pay for the VAT due in multiple EU countries, via just one EU country, can only be used for sales of goods or services to final consumers (B2C) by EU businesses selling cross-border within the EU. It does not apply to those traders that store and fulfil stock locally across the EU. This means that, despite the changes introduced by the 2021 VAT E-commerce Package, these businesses still have to register for VAT in every Member State in which they store goods, and file VAT returns, costing €8.000 every year for each EU country of storage.

Therefore, key to ensuring a fundamental and concrete simplification of what businesses have always found a complex VAT system is the proposed expansion such that taxpayers can use it for use cases that were not included in the 2021’s VAT E-commerce Package.

### Benefits of a unified VAT solution

The expansion of the UOSS and the introduction of a transfer module allowing businesses to use one single VAT registration to report transfers of own inventory to locations across the EU, as well as the onward sales in those locations is a key reform for businesses. Centralising and standardising VAT registration and reporting requirements in this manner is a win-win approach where the European Commission can unlock major benefits for governments, tax authorities, businesses, consumers and the environment:

- Tax authorities will benefit from increased compliance, facilitated reporting and auditing of cross-border goods movements and increased on-shoring of goods and services trade.



- National governments will benefit from a more competitive EU market and increased trade, leading to additional tax revenues.
- Businesses, particularly SMEs, will gain greater access to intra-EU trade, be more competitive and incur fewer tax compliance fees.
- Customers will be able to access more competitive prices, faster delivery and a greater choice of goods.
- The environmental impact of EU consumption will be reduced. For example, a regime covering pan-EU inventory storage in e-commerce would encourage bulk inventory placements close to customers, which cause considerably lower CO2 emissions than orders individually shipped for long distances.
- Customs authorities will have a reduced workload as bulk shipments from third countries for onward distribution within the EU will be encouraged. This will reduce the current influx of individual packet shipments from third countries.



## SIMPLIFY VAT FOR SMEs

Find out more at [simplify-vat.eu](http://simplify-vat.eu)



### More information?

#### Check out our Position Papers

[Ecommerce Europe](#)

[EuroCommerce](#)