

EVALUATION ROADMAP

Roadmaps aim to inform citizens and stakeholders about the Commission's plans in order to allow them to provide feedback on the intended initiative and to participate effectively in future consultation activities. Citizens and stakeholders are in particular invited to provide views on the Commission's understanding of the problem and possible solutions and to make available any relevant information that they may have, including on possible impacts of the different options.

TITLE OF THE EVALUATION	Evaluation of the special VAT scheme for travel agents
LEAD DG – RESPONSIBLE UNIT	DG TAXUD – UNIT C1
INDICATIVE PLANNING	PLANNED START DATE: Q3 2019 PLANNED COMPLETION DATE: Q3 2020
ADDITIONAL INFORMATION	https://ec.europa.eu/taxation_customs/sites/taxation/files/travel_agents_special_vat_scheme_en.pdf
<p>The Roadmap is provided for information purposes only. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by the document, including its timing, are subject to change.</p>	

A. Context, purpose and scope of the evaluation

Context

The special VAT scheme for travel agents and tour operators set out in Articles 306 to 310 of [Council Directive 2006/112/EC](#) was put in place by the Sixth Council Directive 77/388/EEC of 17 May 1977 as a simplification measure to avoid multiple registration obligations for businesses and to allocate VAT revenues to the Member State of consumption.

The special VAT scheme means that travel agents do not need to follow normal VAT rules. They can benefit from simplified origin-based taxation by paying VAT on their profit margin in the Member State where they are established. The margin scheme permits them to operate in all other Member States without further need for VAT registration or declaration. That is so since travel agents are not paying VAT on supplies made in those Member States. Given that they cannot deduct the VAT included in their costs, VAT on the underlying supplies always remains in the Member State of consumption.

For the more than 40 years, since these were first put in place, the common rules have not been amended. They have however several times been interpreted by the Court of Justice of the European Union (CJEU).

Purpose and scope

The Commission intends to evaluate the application and implementation of the special scheme in Member States, because origin-based taxation requires a harmonised application of the special scheme in order to prevent distortion of competition. The evaluation will assess fiscal effects and consequences that may have materialized and possibly affected the level playing field within the European Union and vis-à-vis economic operators located in third countries with a view to determine to what extent the special VAT scheme for travel agents is fit for purpose and has delivered the desired impacts at minimum costs. The evaluation will further assess, if there is still a need for granting travel agents and tour operators special VAT rules. In this context, developments in the regulatory framework, like the introduction of the "One Stop Shop" in 2021 (a solution enabling all businesses that deal with final consumers to avoid multiple registrations and declarations) and the shift to destination-based taxation (in the current VAT Directive and in a definitive VAT system) will be important aspects to consider.

The evaluation will cover the complete period since the creation of the special scheme in 1977. In terms of geographical coverage, the evaluation will cover all EU Member States. The assessment of whether it ensures a level playing field will also cover economic operators located in third countries.

Subject to the findings and recommendations, the Commission may follow up the evaluation with an impact assessment.

B. Better regulation

Consultation of citizens and stakeholders

The special scheme concerns mainly Member States and businesses. Citizens are affected only indirectly.

An online public consultation, which will be launched in March 2020, will provide an opportunity for Member State authorities, businesses and the wider public to contribute to this evaluation. The public consultation will be open for a duration of 12 weeks, translated in all EU working languages and made accessible via the Commission's [central public consultations page](#) and via the [consultation page of DG TAXUD](#). The launch of this public consultation will be announced directly to subscribers of the [Commission's notification system](#), to subscribers of the [TAXUD newsletter](#) and promoted via social media (#taxud).

A targeted consultation of Member States of one month was launched in November 2019 in the Group on the Future of VAT.

A synopsis report summarising the results of all consultation activities will be published on the consultation pages once the consultation has been closed.

Data collection and methodology

The evaluation shall cover the five evaluation criteria according to the Better Regulation Guidelines:

- How successful has the VAT Directive been in achieving the objectives of simplification and allocation of revenues to the Member State of consumption? Are the current rules still effective in a digital environment? (Effectiveness)
- Seen from the perspective of the internal market and that of businesses, how do the (regulatory) benefits of a special scheme compare to related (regulatory) costs in terms of deviating from the normal VAT rules and potential distortions of competition? Could the same results have been achieved in a less costly way? What regulatory costs, benefits and savings can be identified and quantified? What is the simplification and burden reduction potential in quantitative terms? (Efficiency)
- To what extent does the special VAT scheme for travel agents still respond to the needs and problems of stakeholders (businesses as well as Member State authorities), in particular considering developments in the regulatory framework? To what extent have the needs of stakeholders evolved since the special scheme was first implemented? (Relevance)
- To what extent is the special scheme coherent with the wider VAT system and rules? (Coherence)
- What has been achieved through the special scheme, which could not equally well have been achieved by Member States acting at national level? (EU added value)

In 2017, DG TAXUD contracted a [study](#) analysing the functioning of the special scheme and reviewing all relevant judgments by the CJEU, which have clarified the provisions in the VAT Directive with regard to that special scheme. Among others, the study included a survey of 105 businesses in 18 Member States and analysed further administrative data. The author of the study did not contact Member States during the drafting process. Therefore, a FISCALIS 2020 workshop was organised by the German Federal Ministry of Finance in Berlin from 23 to 25 October 2018, during which Member States had the opportunity to discuss the quality of the study and its results.

The results of the evaluation will be presented in a self-standing staff working document in the second quarter of 2020. An interservice group established to steer the collective preparation of the evaluation and chaired by DG TAXUD consists of the following other Commission services: DG BUDG, DG CNECT, DG GROW, DG JUST, SJ and SG.