

## EUROPEAN HIGHLIGHT | 12.09.2018

### THE EUROPEAN COMMISSION PROPOSED FINANCIAL TECHNICAL MEASURES TO CREATE A FUTURE FRAUD-PROOF EU VAT SYSTEM

On 25 May 2018, the European Commission published the detailed technical proposal for the value added tax (VAT) treatment of cross-border transactions in the EU. This proposal supplements the recent proposed overhaul of the system to make it more fraud-resilient. It forms part of the [Action Plan](#) on VAT that was adopted by the Commission on 7 April 2016. Following the adoption of this Action Plan, the Commission has made a series of proposals to work towards its completion.

The package of measures proposed by the Commission substantially modifies the rules relating to VAT and should make life easier for companies across the EU. In the current VAT system, trade in goods between businesses is split into two transactions: a VAT-exempt sale in the Member State of origin and a taxed acquisition in the Member State of destination. The Commission's proposal puts an end to this artificial split of a single commercial transaction. Once agreed, the amendments contained in the VAT rules will define the cross-border trade of goods as a 'single taxable supply' which will ensure that goods are taxed in the Member State where the transport of the goods ends. VAT fraud should be dramatically reduced.

More information on the proposal can be found [here](#). The proposal itself can be consulted via [this link](#).

We inform you about this proposal because VAT rules are relevant for all businesses with activities in the EU.

We hope this information is useful. You should not hesitate to contact us should you have any questions or require further information.

Kind regards,

Sarah – Evi

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