Workshop on VAT in the energy sector

ENERGY COMMUNITY - TAXUD

Vienna 25th March 2019
Why is proper implementation of the VAT rules in the energy sector important for the EU Commission.

A) For wider (political) reasons.
   - To ensure the alignment with the Acquis of Enlargement countries.
   - To implement our Association Agreements.
   - To eliminate obstacles to the functioning of the energy markets,

B) To protect the VAT receipts of Member States
TAXUD PERSPECTIVE

European Commission
- DG TAXUD
- DG ENERGY
- DG NEAR

Energy Community
EU SAA's with the WB6
GEORGIA
MOLDOVA
UKRAINE

SUPPORT from MMSS
Via
FISCALIS 2020
REFERENCE DOCUMENTS

- Conclusions of the 46th Permanent High Level Group of the Energy Comm.
- Study examining the implementation of EU acquis on VAT in the Energy Community (August 2017)
- Implementation Plan
  » Preparation of amendments
  » Implementation, monitoring and consulting
  » VAT EXPERT GROUP
KEY ISSUES

- PRINCIPLES
- SITUATION IN EACH PARTY
- DOUBLE or no Taxation
- PROPOSALS
MAIN PRINCIPLES

- A) GENERAL PRINCIPLES
  - Harmonization.
  - Simplicity.
  - Neutrality.

- B) KEY PRINCIPLES
  - Electricity and gas as a good
  - B2B Taxable dealer
  - B2C Consumer
  - Exemption to import. Art 143.I) VAT
  - Supply of services
  - Mechanism to prevent fraud (RCM and QRM)
Status of VAT harmonization in the energy sector according to the study by the Energy Community

- ALBANIA, KOSOVO* AND SERBIA: “a good level of harmonization”
- BiH, MONTENEGRO AND NORTH MACEDONIA: “some level of harmonization”
- GEORGIA, MOLDOVA AND UKRAINE: “no harmonization”

* This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.
### Status of harmonization with EU VAT regime

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<th>VAT Directive - subject matter</th>
<th>Application</th>
<th>Article</th>
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<th>B&amp;H</th>
<th>Montenegro</th>
<th>Georgia</th>
<th>Kosovo</th>
<th>FYR of Macedonia</th>
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<th>Ukraine</th>
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<tr>
<td>TAXABLE PERSON</td>
<td>general</td>
<td>(Art. 9)</td>
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<td>GOVERNMENTAL BODIES</td>
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<td>PLACE OF SUPPLY OF GOODS</td>
<td>NG and electricity</td>
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<td>(Art. 44, 45, 59/1/h)</td>
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<td>reverse charging - general</td>
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CESEC 24 October 2014
DOUBLE TAXATION AND NO TAXATION

- A) As a Service
- B) As a Good
- RESULT, 40 MILL loss in VAT receipts
CONCLUSIONS AND NEXT STEPS

- Review of the situation in each party
- COMMITMENTS BY EACH PARTY
- ORGANIZATION FOR FISCALIS 2020,
- NEXT MEETING
MANY THANKS

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