



## **Statement by Vice-President Ansip at the press conference to announce new tax rules to support e-commerce and online businesses in the EU**

Brussels, 1 December 2016

Online trading is a booming market, for buyers as well as sellers.

Europe could be making so much more of it.

In the plan to build a Digital Single Market, we promised to tackle the obstacles holding back the growth of e-commerce.

This year, we have already addressed problems related to parcel delivery, digital contract law and geo-blocking.

Now we address VAT: the last piece in the puzzle.

Today, Europe's complex VAT rules are a major barrier that businesses face when trading online.

They are a major headache for traders keen to sell across borders.

Today, traders pay about €8,000 to comply with the VAT rules of every EU country where they operate.

This stifles e-commerce, especially for startups and small businesses.

Now, the European Commission is proposing to simplify rules for e-commerce across EU country borders.

The aim is to cut red tape, save businesses money and make it easier for consumers to buy goods and services online.

We propose a one-stop shop for online VAT payments that will cover goods as well as services.

This EU-wide portal will allow companies that sell online in other EU countries to deal with VAT like they do at home.

It will cut VAT compliance costs by 95%.

It will save businesses €2.3 billion a year.

To help startups and micro-businesses, we propose a set of thresholds for cross-border online sales.

For example, online companies selling into other EU countries up to a limit of €10,000 will be able to apply their own domestic VAT rules.

That means dealing with only one national tax authority.

We are also clamping down on VAT fraud from outside the EU.

EU countries lose €5 billion of VAT revenues every year due to non-compliance in cross-border online sales and the VAT exemption for small parcels.

At the moment, small parcels imported into the EU that are worth under €22 are exempt from VAT.

With around 150 million parcels entering EU countries VAT-free every year, this puts EU companies at an unfair disadvantage.

The current system is also open to fraud and abuse.

One recent study showed that 65% of items bought online and imported via postal operators did not comply with EU VAT rules.

We need to change the system and remove this tax exemption.

Lastly, governments should have the option to apply the same tax rate for electronic and printed books if they want to do so.

Our VAT rules were set up before the boom of the internet and online sales.

They are complex. They vary between EU countries. They bring extra cost to businesses trying to trade in different national markets. They need updating.

Today's proposals are designed to support the digital economy and to accelerate growth for cross-border online businesses.

Je donne à présent la parole à mon ami et collègue Pierre qui va vous expliquer ces mesures.

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