

# Simplification Study for the EU Commission

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# Aim

# EU Simplification study

## Aim of the study



- To make concrete recommendations on the means of simplifying and modernising VAT obligations in the field of:
  - VAT registration
  - Submission of VAT returns (including summary VAT returns)
  - Payment and refund of VAT
  - Submission of recapitulative statements

# EU Simplification study Approach



## 1. Phase 1: data gathering

Current VAT obligations in the four fields concerned in the 15 Member States (questionnaire of 226 questions !)

## 2. Phase 2: data analysis

Interviews with the 15 VAT authorities and 33 international and national professional organisations (e.g. EeTG, Unice, CBI, ...)

## 3. Phase 3: recommendations

To recommend ways to:

- simplify these obligations (e.g. by harmonisation) and
- modernise these obligations in view of new technologies

The 10 accession countries were not part of the study!



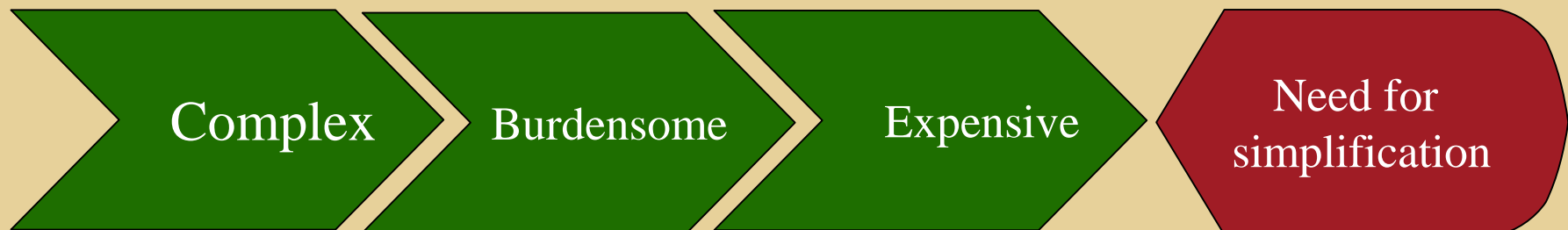
# Key findings

# EU Simplification study

## Key findings



- ✓ 15 different VAT rules
- ✓ 15 different administrative practices
- ✓ Big diversity in links with other taxes
- ✓ Language barriers
- ✓ Variety in required forms and evidence  
(e.g. proof of activity, copies of the trade register)
- ✓ Too general anti-fraud measures imposing a burden to each company
- ✓ Non-harmonized and non-user friendly e-compliance systems

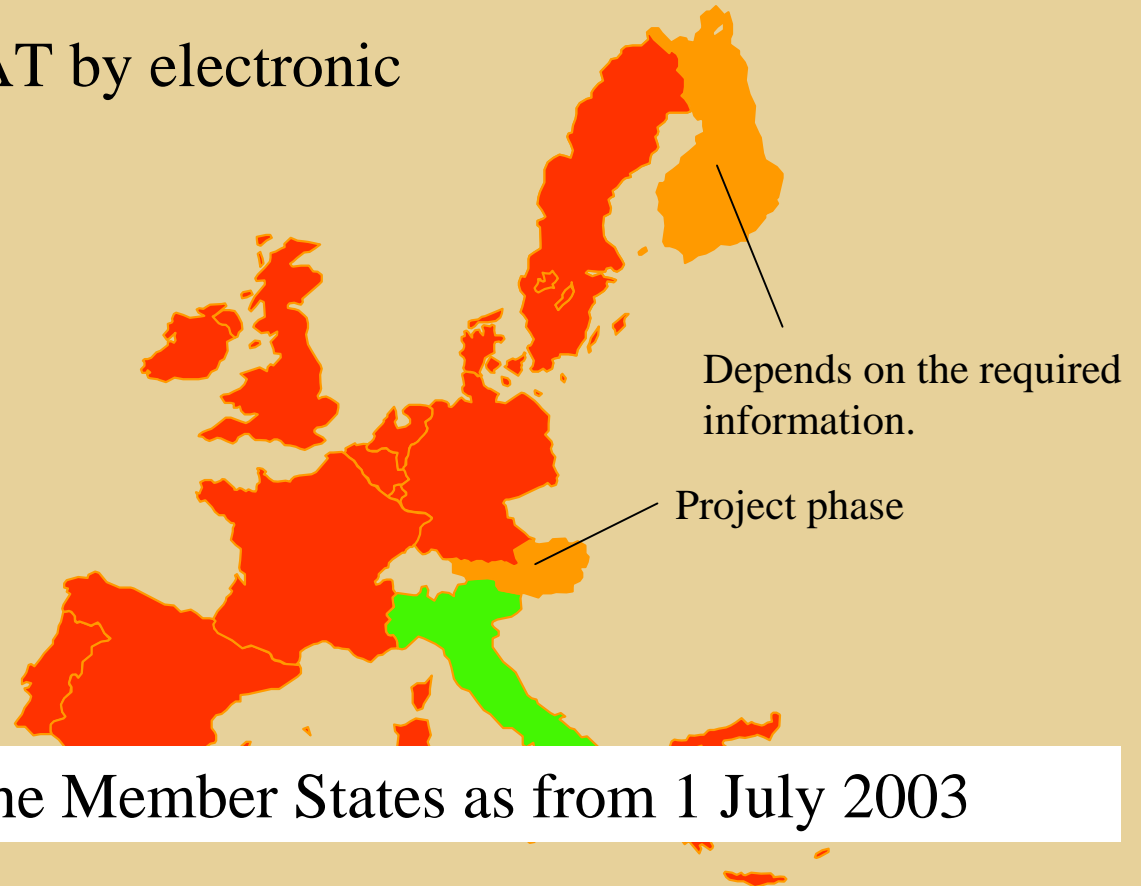


# EU Simplification study VAT registrations



Is it possible to register for VAT by electronic means?

- ✓ Yes
- ✓ Yes/No
- ✓ No





# EU Simplification study

## VAT returns

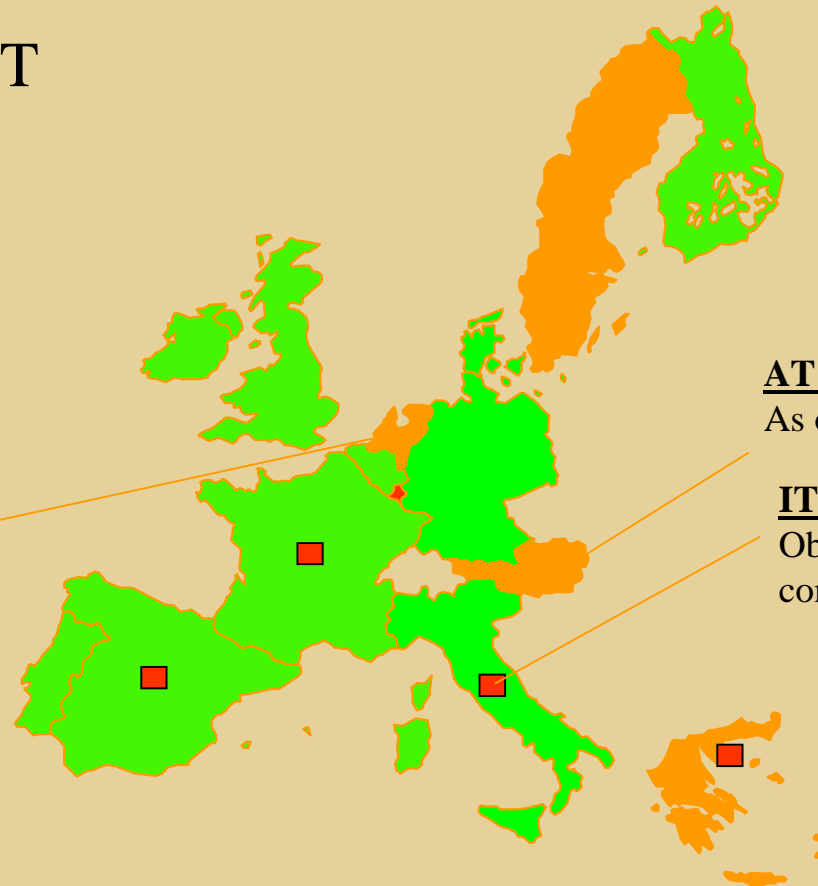


### Where is it possible to file VAT returns electronically?

- ✓ Allowed
- ✓ Allowed only for established companies
- ✓ Not allowed
- Sometimes obligatory

#### NL:

« EDITAX »: outdated and not widely used. The Dutch authorities are considering modernising and implementing internet-filing. The use of an accredited service provider is required.



#### AT:

As of 17 February 2003

#### IT:

Obligatory a.o. for all companies

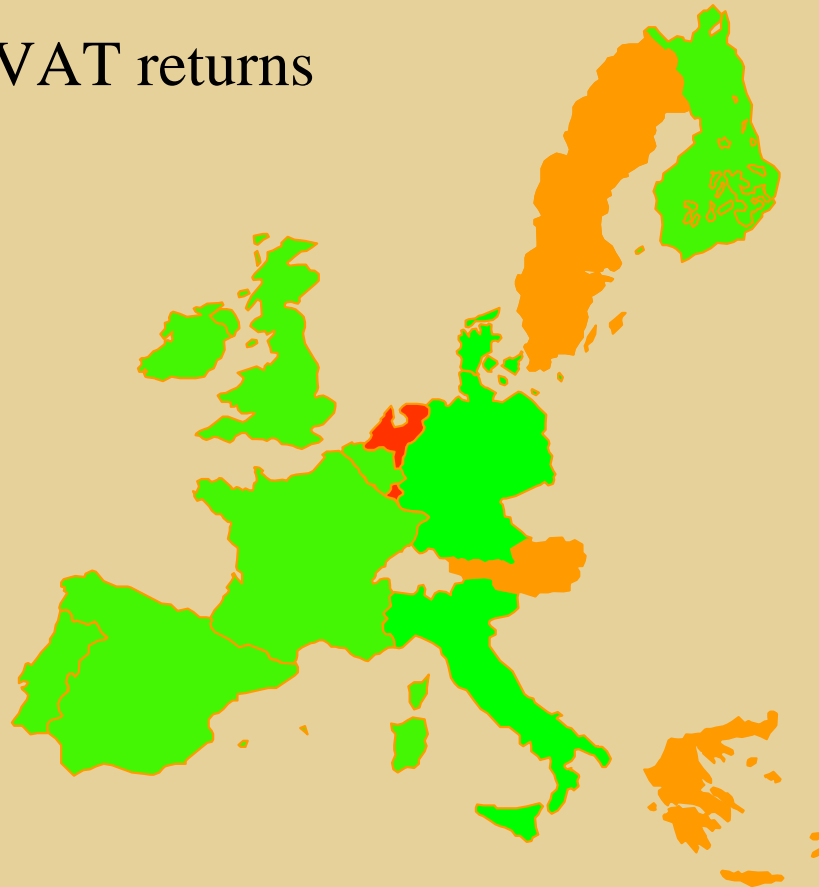
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# EU Simplification study VAT returns



Is it possible to file electronic VAT returns  
via the Internet?

- ✓ Allowed
- ✓ Allowed only for established companies
- ✓ Not allowed



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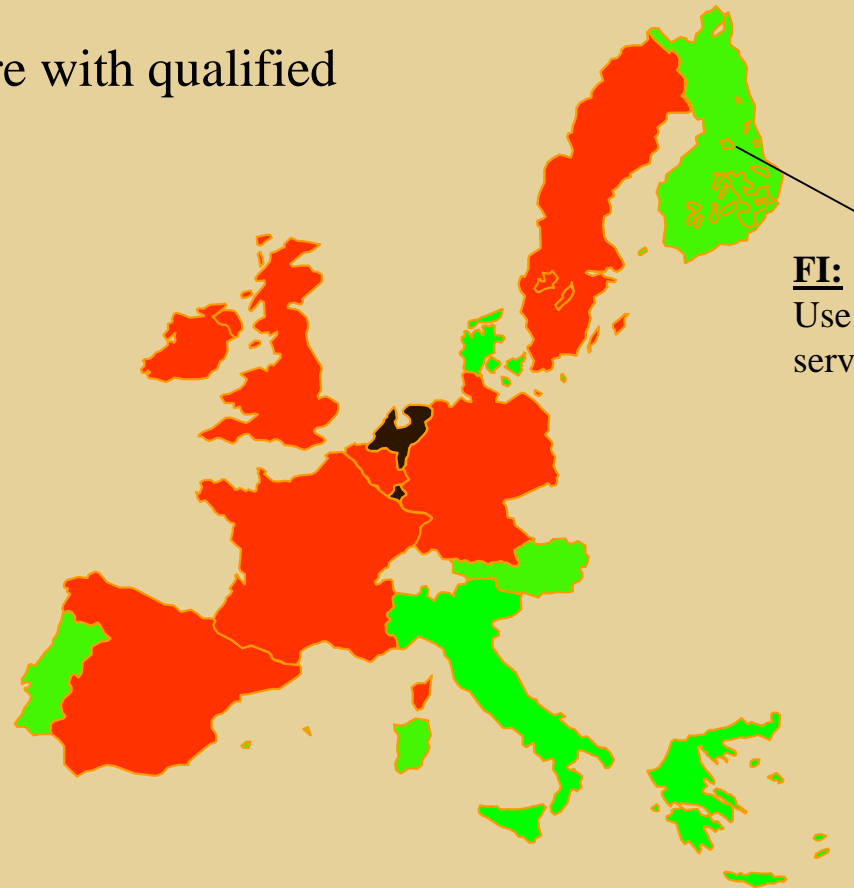
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## VAT returns



Internet filing: use of digital signature with qualified certificate required?

- ✓ No
- ✓ Yes
- ✓ Non applicable



**FI:**  
Use of accredited 3<sup>rd</sup>  
service provider required.

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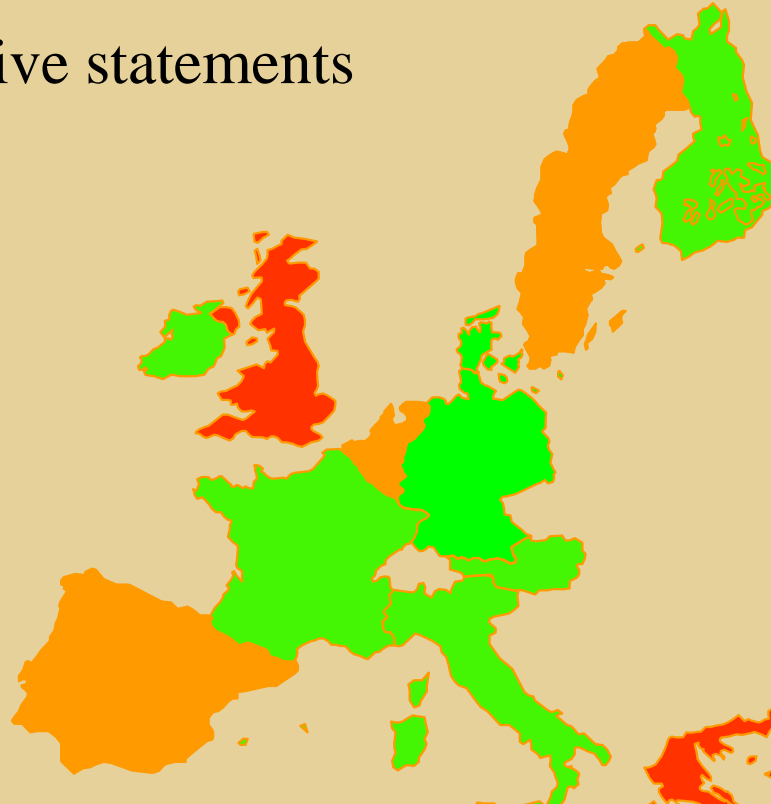
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## Recapitulative statements



Is it possible to file recapitulative statements electronically?

- ✓ Allowed
- ✓ Allowed only on data carrier
- ✓ Not allowed



**Must be allowed by the Member States as from 1 July 2003**

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# EU Simplification study Businesses on E-compliance



- Most businesses are of the opinion that e-compliance must be possible
- A majority thinks that e-compliance should remain optional
- A minority of the businesses thinks that e-compliance necessarily implies a security risk
- The use of a digital signature based on a qualified certificate is experienced as too burdensome
- Authorities should accept widely used commercial standards in order to allow automatic input from the in-house accounting system
- Some businesses are afraid that now the VAT returns can be filed electronically, the authorities would make filling out of the VAT return as such more complicated (i.e. more info, more data,...)
- Most businesses are of the opinion that the authorities benefit most in terms of cost from e-compliance

# EU Simplification study

## Authorities on E-compliance



### **Advantages according to the authorities**

- More efficiency in collecting, processing the information received from taxpayers or in transmitting information
- First validation of data to be transmitted to the tax authorities
- Better access for the taxpayers

### **Disadvantages according to the authorities**

- The use of a digital signature based on a qualified certificate hampers the success of e-compliance
- Technical problems



# Recommendations

# EU Simplification study

## E-compliance



### Opportunities

- Internet provides the opportunity to provide easy accessible, understandable and structured information to the public;
- E-compliance allows easier exchange of information between tax authorities;
- Communication between the tax authorities and the economic operators could be speed up by using electronic means.

### Recommendations

- Reasonable mix of security and flexibility. Technology neutral. Harmonised use of PIN-codes and no e-signatures.
- Optional in a first stage.

### Warning

- Difficult link with in-house systems due to technology choice of the authorities





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