**SPECIAL LEGISLATIVE PROCEDURE – Consultation**

**Follow up to the European Parliament legislative resolution on the proposal for a Council regulation amending Regulation (EU) 2017/2454 as regards the dates of application due to the outbreak of the COVID-19 crisis**

**1. Rapporteur:** Luděk NIEDERMAYER (EPP / CZ)

**2. Reference numbers:** 2020/0084 (CNS) / A9-0123/2020 / P9\_TA-PROV(2020)0181

**3. Date of adoption of the resolution:** 9 July 2020

**4. Legal basis:** Articles 113 and 115 of the Treaty on the Functioning of the European Union

**5. Competent Parliamentary Committee:** Committee on Economic and Monetary Affairs (ECON)

**6. Commission's position:** The Commission rejects the amendments

With regard to the reference to **the COVID-19 outbreak which should not be used as an excuse to further delay the implementation of commonly agreed rules** (recital 4 a (new)), although the Commission could accept the spirit of the amendment, in this particular case it considers that the outbreak has caused genuine difficulties for the Member States to finalise the implementation work to apply the new rules or the VAT (Value Added Tax) e-commerce package as of 1 January 2021. Member States had to urgently shift priorities and reallocate resources from the implementation of the VAT e-commerce package to fighting this pandemic, and this caused major difficulties for some of them to meet the envisaged deadline. Keeping in mind that the provisions on the functioning of the VAT e-commerce package are based on the principle that all the Member States should be in a position to apply them correctly, the postponement is considered appropriate and necessary. Moreover, legal certainty for the Member States and all the stakeholders involved had to be ensured as quickly as possible.

With regard to the proposed amendment to **replace the 6-month delay with a 3-month delay** (recital 5; Article 1 – paragraph 1 – point 1 – point a; Article 1 – paragraph 1 – point 1 – point b – point i; Article 1 – paragraph 1 – point 2), the Commission considers that a delay of 6 months, as originally proposed, carefully strikes the balance between the need to keep the extension short, in order to minimise additional budgetary losses for the Member States, on the one hand, and the need to give sufficient additional time to the Member States and the stakeholders to ensure that the system implementing the new VAT e-commerce rules will be ready and fully operational, on the other hand. The provisions on the functioning of the VAT e-commerce package are based on the principle that all the Member States should be in a position to apply them correctly. Member States as well as economic operators directly involved in the application of the VAT e-commerce rules asked for or agreed to a delay period of 6 months. The budgetary losses for the Member States have been estimated at around EUR 5-7 billion yearly if the VAT e-commerce package is not implemented successfully. A delay of 6 months would therefore cause losses of around EUR 2.5-3.5 billion. However, if the Member States and the businesses were required to apply the new VAT e-commerce rules when they were not ready to do so, the risk of the system not working properly could entail almost the same losses in normal circumstances. In the overall context of the pandemic, these losses would be higher than the losses caused by a 6 months delay, as Member States and businesses would be legally bound to comply with this piece of legislation without being ready to do so, at a time when they should be devoting resources to other types of action directly linked to fighting the pandemic.