



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax Administration
Value added tax

Public consultation on the special VAT scheme for travel agents and tour operators

Factual summary report

1. INTRODUCTION, BACKGROUND

The evaluation of the special VAT scheme for travel agents and tour operators assesses if and to what extent the special VAT scheme is fit for purpose, meets its objectives of having simplified rules for this sector, and ensures the VAT is collected by the EU country where the services are consumed. Furthermore, it examines whether the scheme is efficient in achieving the underlying needs in this field, and is still in line with changes in the overall policy, as well as other EU policy initiatives and priorities.

The purpose of the public consultation was to collect the evidence needed to evaluate the rules of the special scheme. To achieve this, the consultation was to gather the views of all stakeholders on how the special scheme meets its objectives (in other words, whether it is still effective) and to which extent existing rules are still relevant and aligned with stakeholders' needs. In particular, the evidence gathered through this consultation should allow assessing the efficiency of those rules. This includes identifying potential distortions of competition and the regulatory costs and benefits for businesses taxed under the special scheme.

The travel industry consists of various types of operators, who supply travel services, and is made up by a diversity of travel agents and tour operators, who operate different business models. These businesses (including SMEs) were invited to provide their views on the special VAT scheme. Views of consultancies, trade, business or professional associations, VAT practitioners and travellers including business travellers also matter. Equally, contributions from academia, researchers, non-governmental organisation representatives and the general public were welcome.

For the public sector, public authorities of the Member States (ministries of finance, tax authorities) already had provided their views prior to the public consultation via a similar, but less structured survey. In addition to that, Member States also had the possibility to answer to this specific questionnaire.

The consultation did not aim at obtaining responses statistically representative of the European population or of the economic sector, thus the outcomes of the consultation cannot be extrapolated as scientifically representing its views. Respondents were not required to answer all the questions.

2. RESULT OF THE CONSULTATION

2.1. Number and distribution of replies – characteristics of respondents

The public consultation received a considerable level of interest from a wide range of individuals and organisations across the EU and the United Kingdom (plus one from Liberia). In total, 206 replies were received. In the following, we provide a graphical analysis of the distribution of replies and of characteristics of respondents.

Figure 1: Distribution of respondents

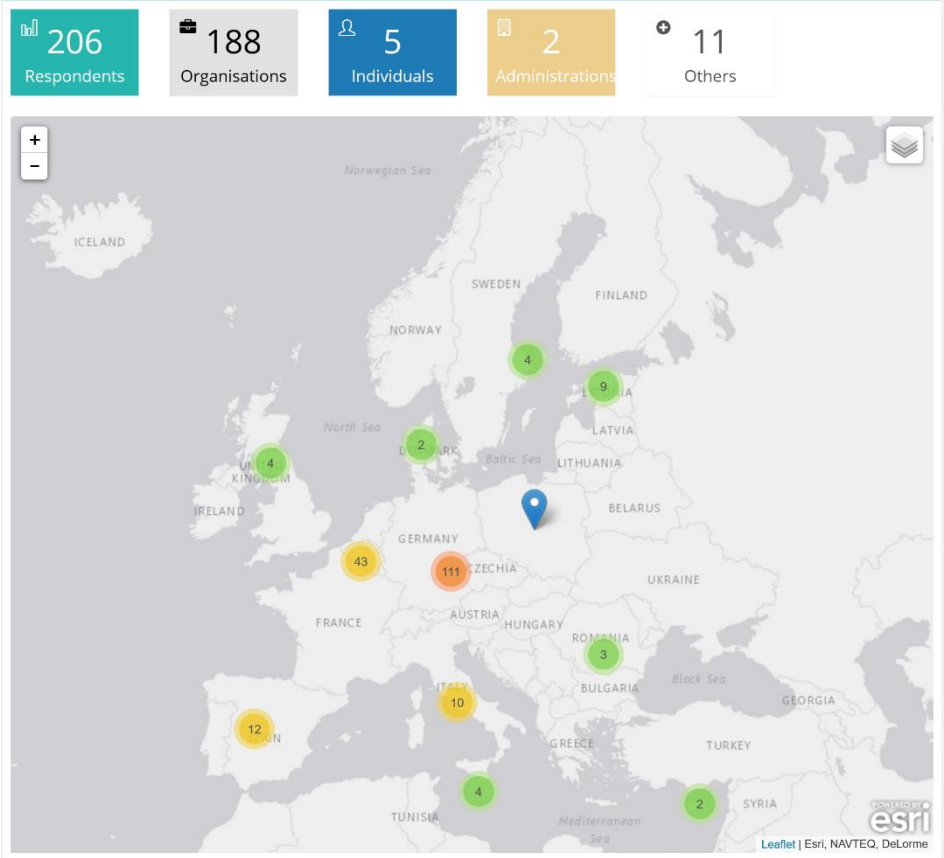


Figure 2: Country of origin

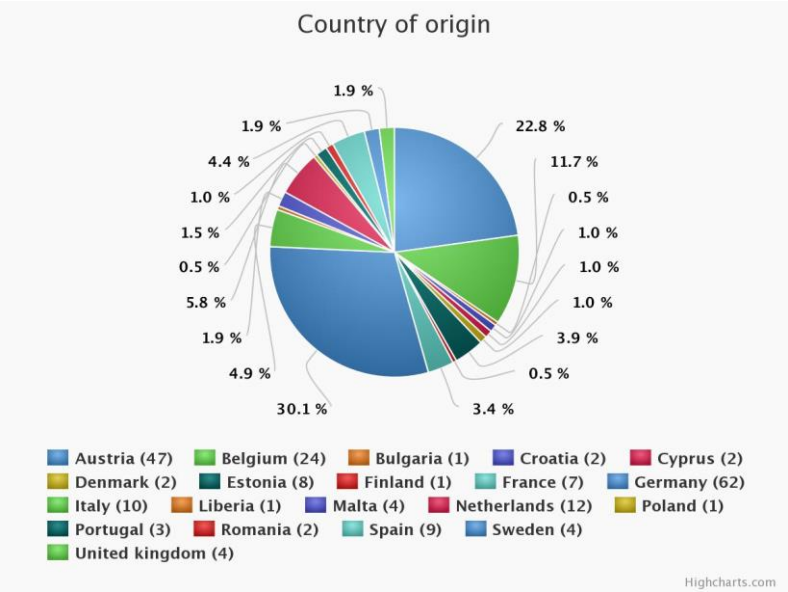


Figure 3: Type of respondent

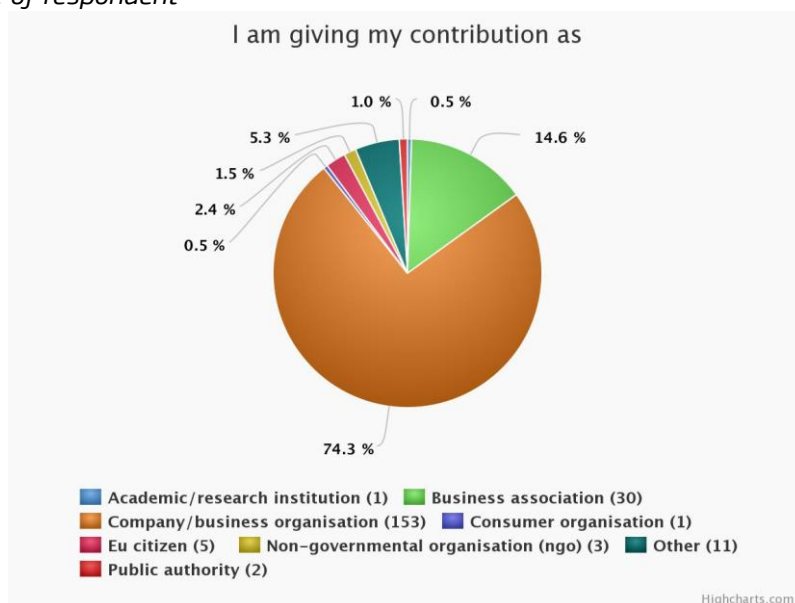


Figure 4: Organisation size

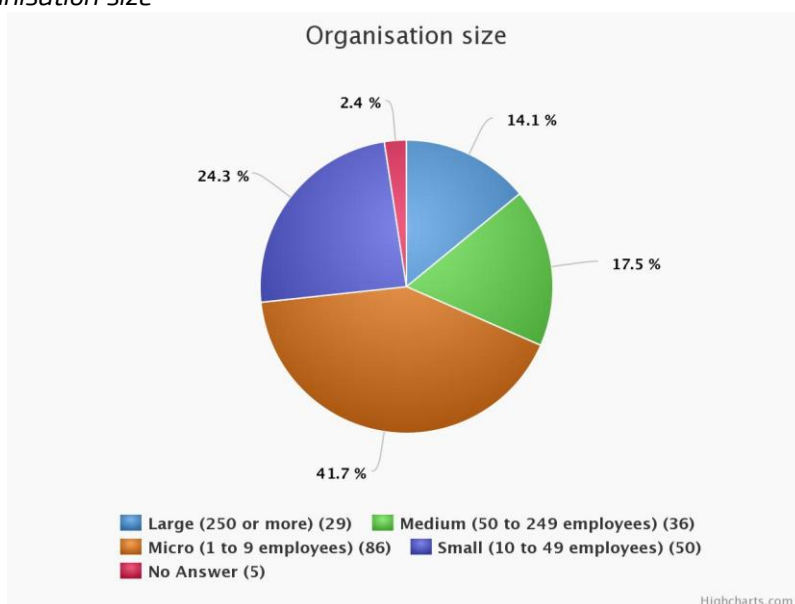


Figure 5: Provision of travel services

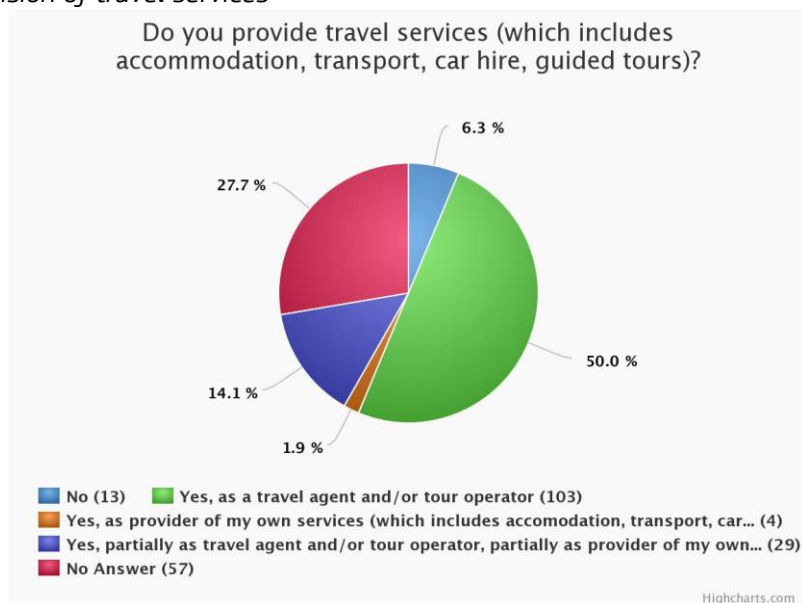


Figure 6: Distribution between principals and intermediaries

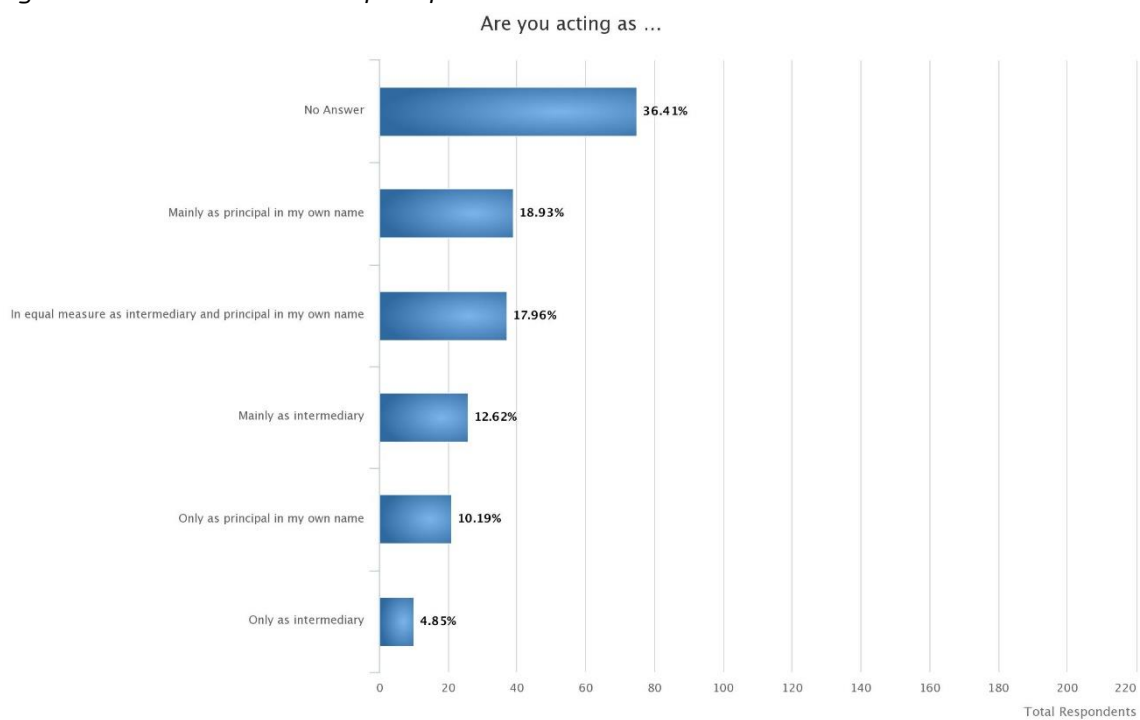


Figure 7: Type of customers

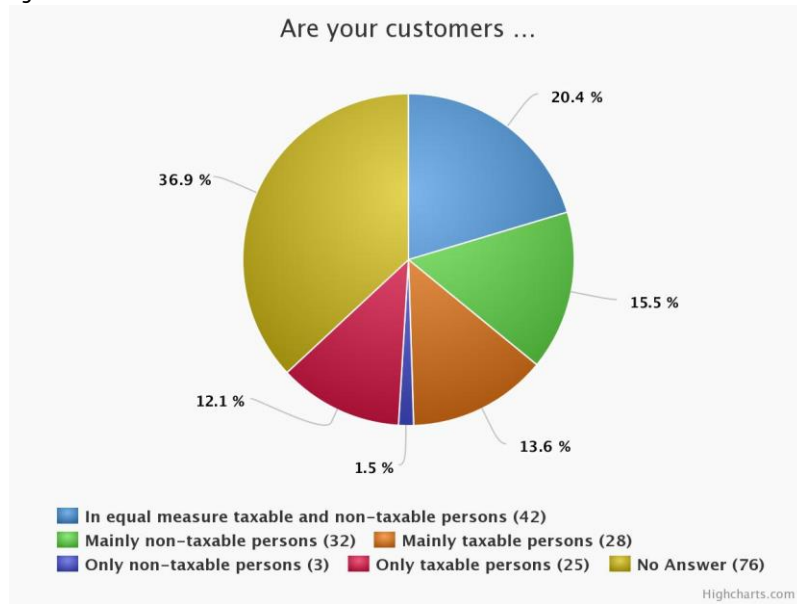


Figure 8: Taxation of supplies

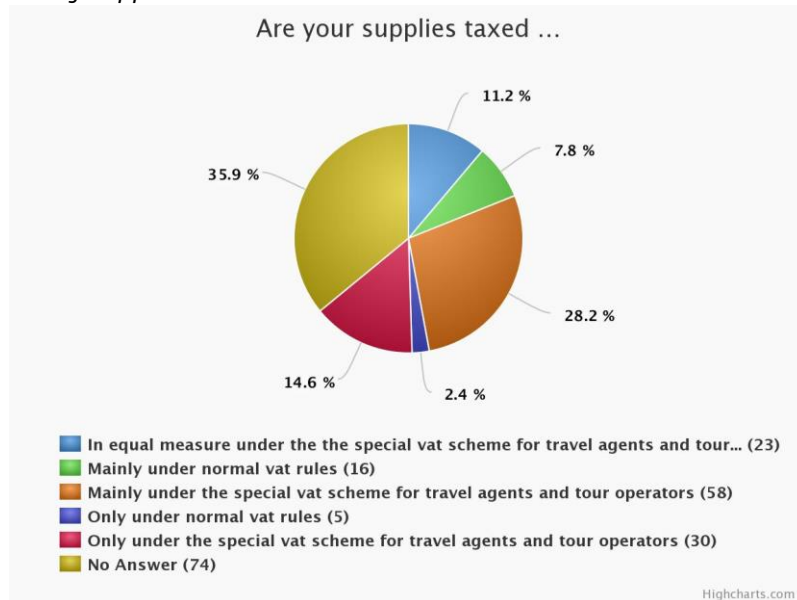
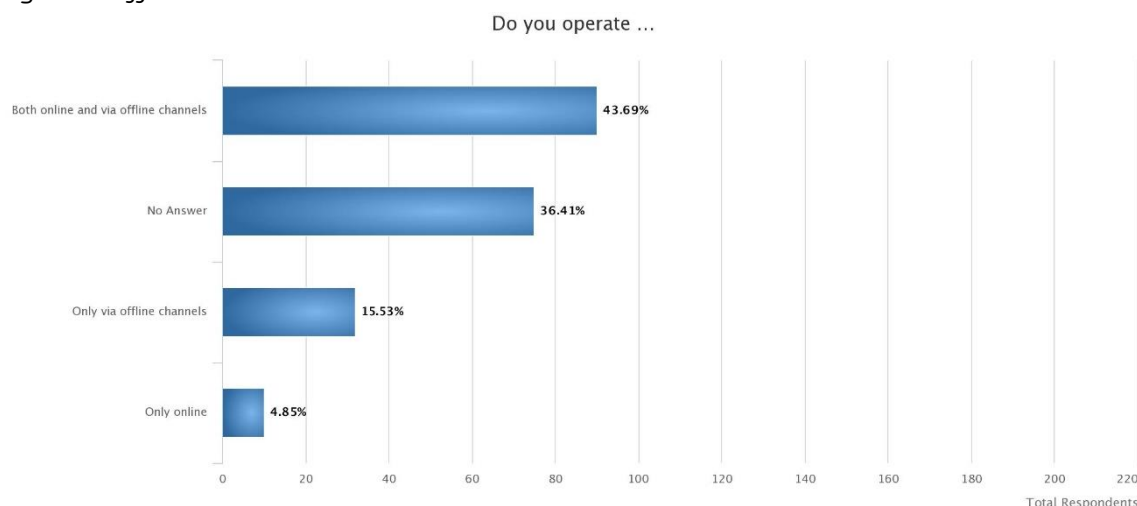


Figure 9: Offline vs online services



2.2. Evaluation of the special VAT scheme for travel agents and tour operators

In the main part of the questionnaire, the public consultation raised a number of questions on the continued relevance, the effectiveness and impacts of the current special VAT scheme for travel agents and tour operators. The questionnaire included closed questions (i.e. questions with a predetermined number of options for responses) and open questions. (i.e. questions with text fields allowing respondents to provide free input). In the following, we present the graphical analysis of responses to the closed questions.

Figure 10: Aspects of special VAT scheme considered as important

Special rules often seek to address aspects not catered for under the normal rules. Which aspects of the special VAT scheme for travel agents and tour operators do you consider as important?

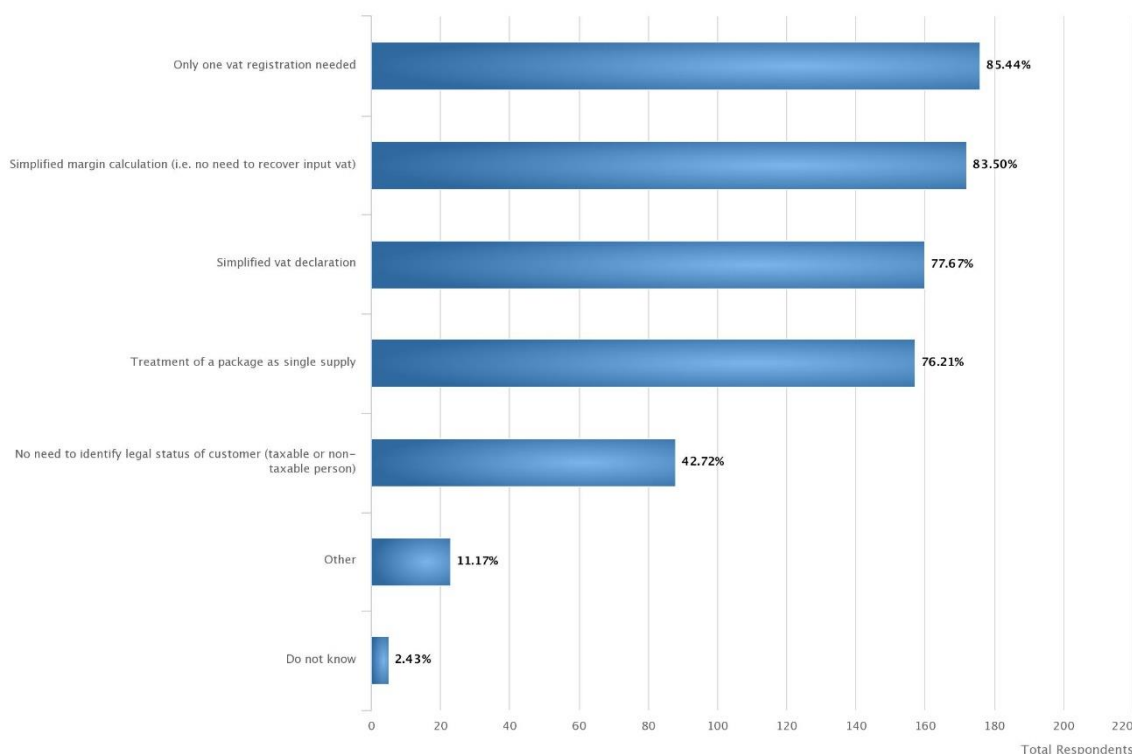


Figure 11: Degree of simplification

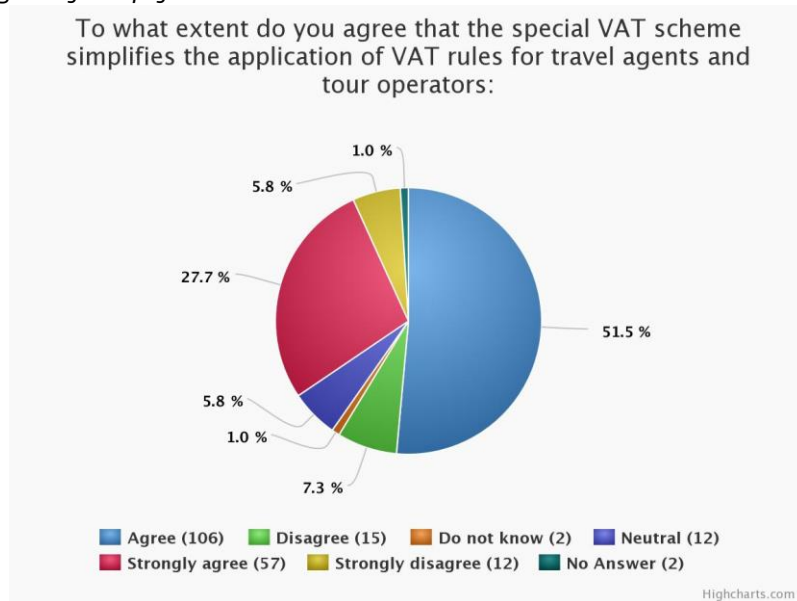


Figure 12: Fit for digital age

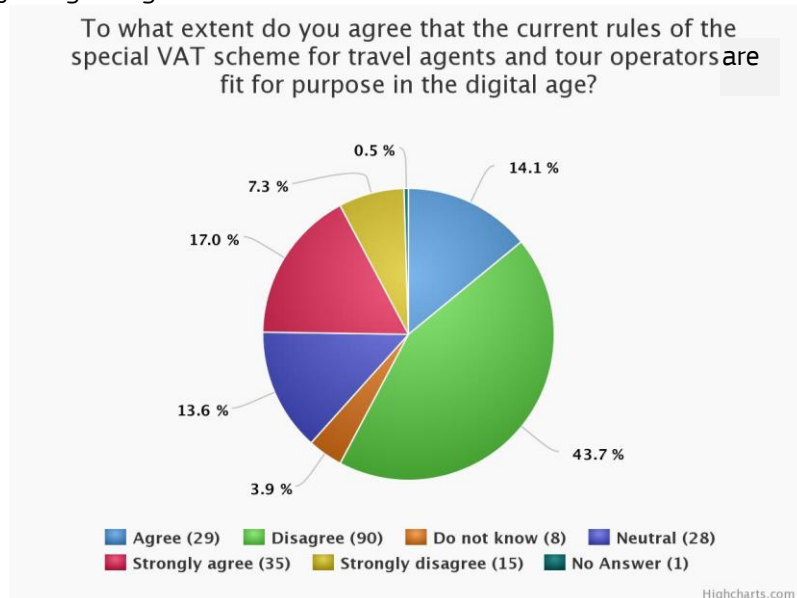


Figure 13: Business to Business (B2B) supplies

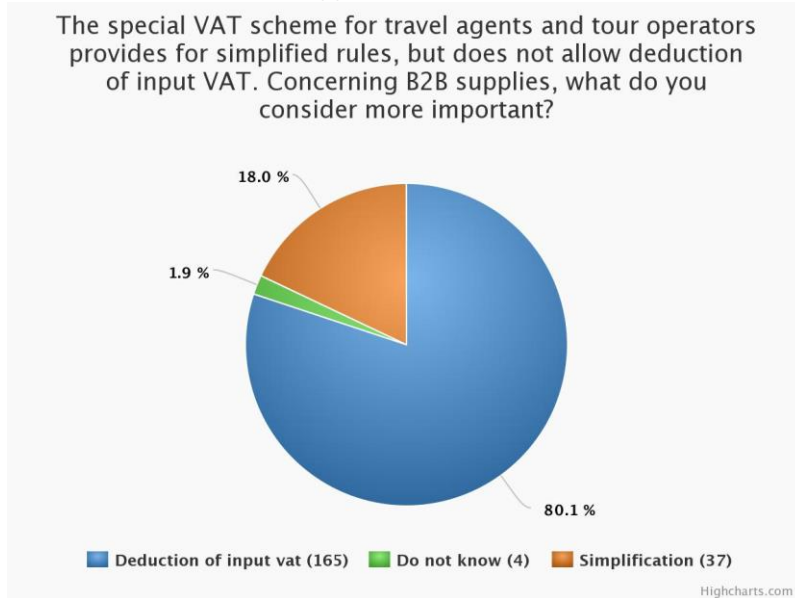


Figure 14: Supplies business to consumers (B2C)

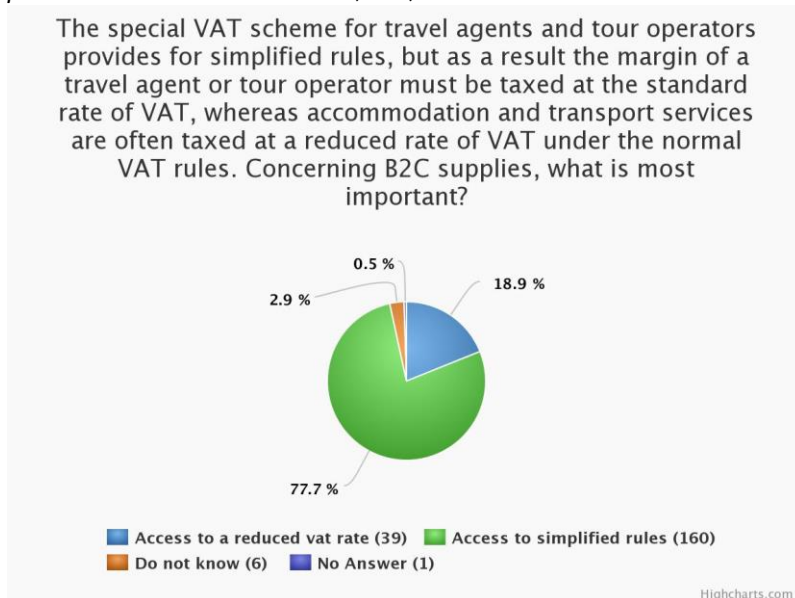


Figure 15: Separate margin calculation for each transaction (1)

The provisions in the VAT Directive require travel agents and tour operators taxed under the special scheme to calculate their margin for each transaction separately. To what extent is such a requirement adding complexity to the simplified rules?

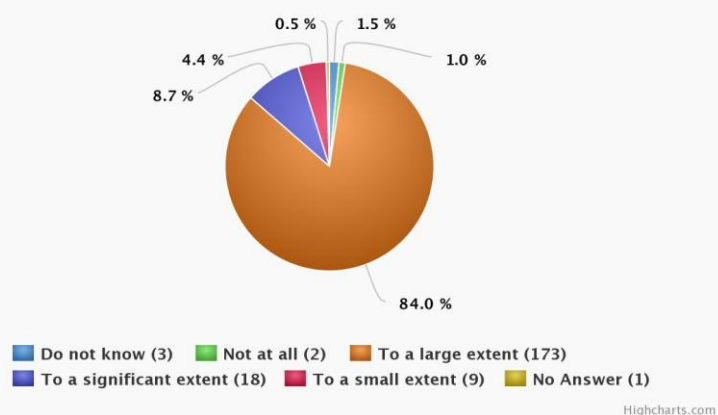


Figure 16: Separate margin calculation for each transaction (2)

To what extent do you agree with the following statement: A separate margin calculation for each transaction is detrimental to the industry, because negative margins cannot be offset against positive margins.

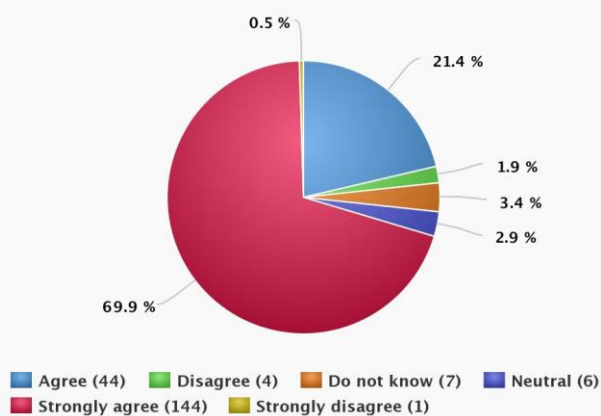


Figure 17: Lack of clarity

A special VAT scheme for travel agents and tour operators with simplified rules that apply only in specific circumstances can create complexity, – if the scope of such a special scheme is not clear and – if it is unclear in how far those normal VAT rules, from which the special scheme does not deviate, can be applied. Do the rules of the special VAT scheme for travel agents and tour operators, as interpreted by the CJEU, lack clarity?

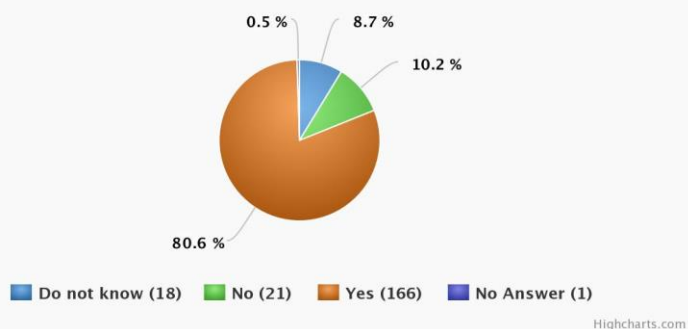


Figure 18: Awareness of distorted competition

Do you know of distortions of competition due to differences in VAT treatment between competing travel agents and/or tour operators?

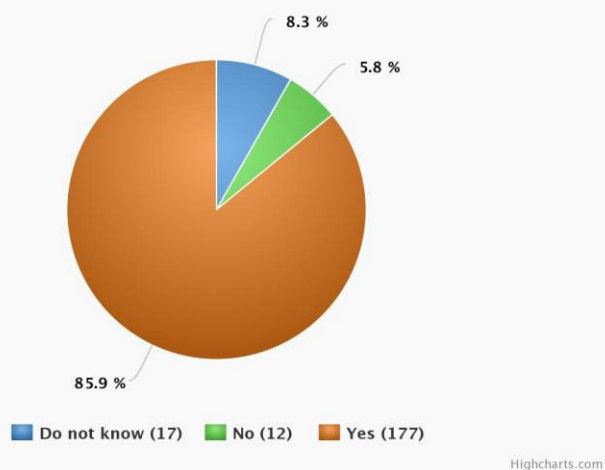


Figure 19: Reasons for distorted competition

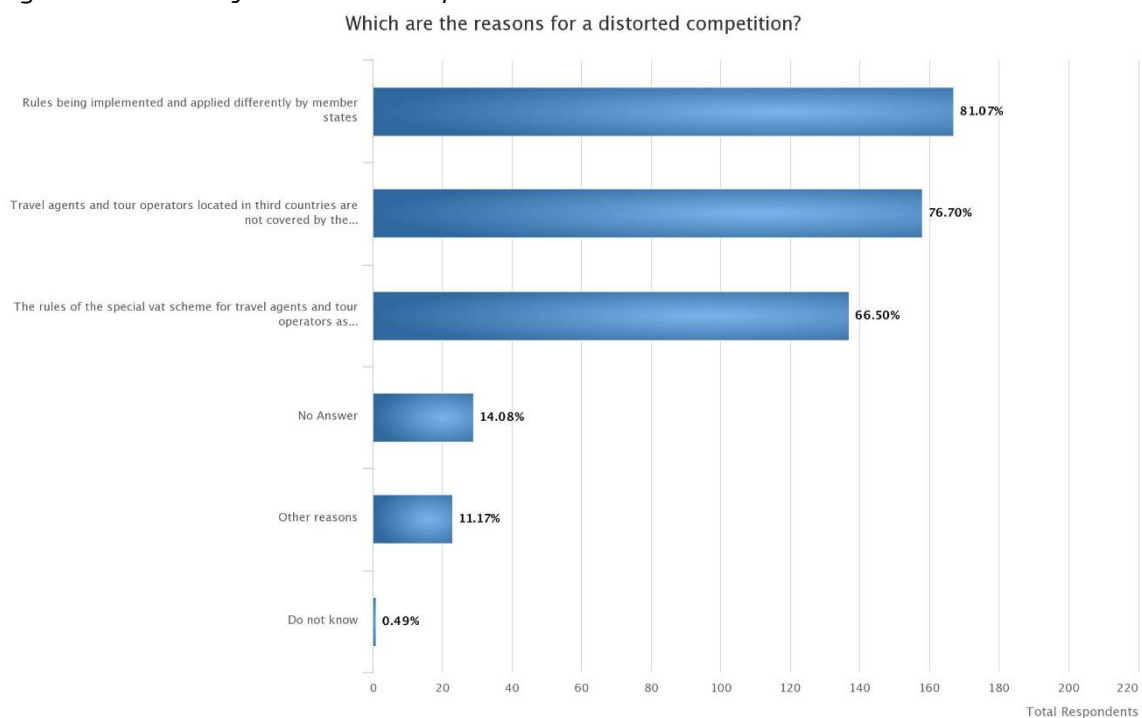


Figure 20: Continued relevance of the special VAT scheme

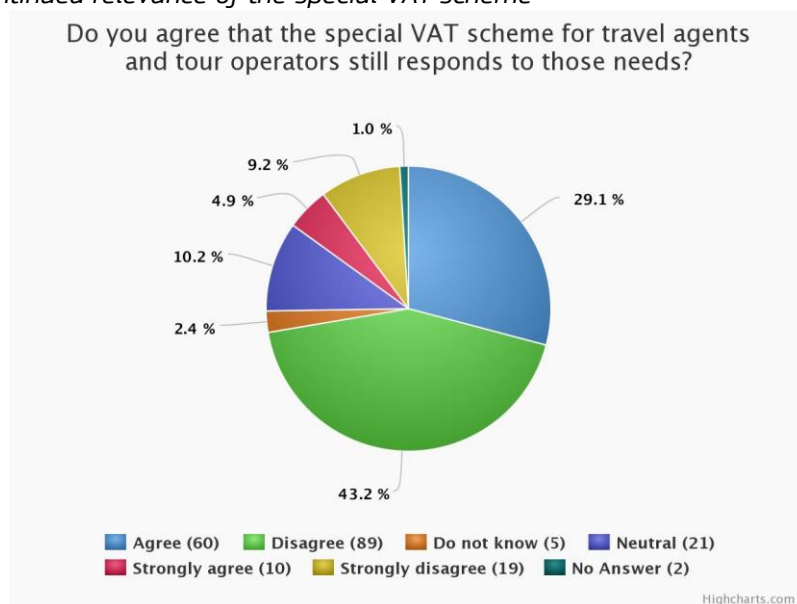


Figure 21: Need for special VAT rules

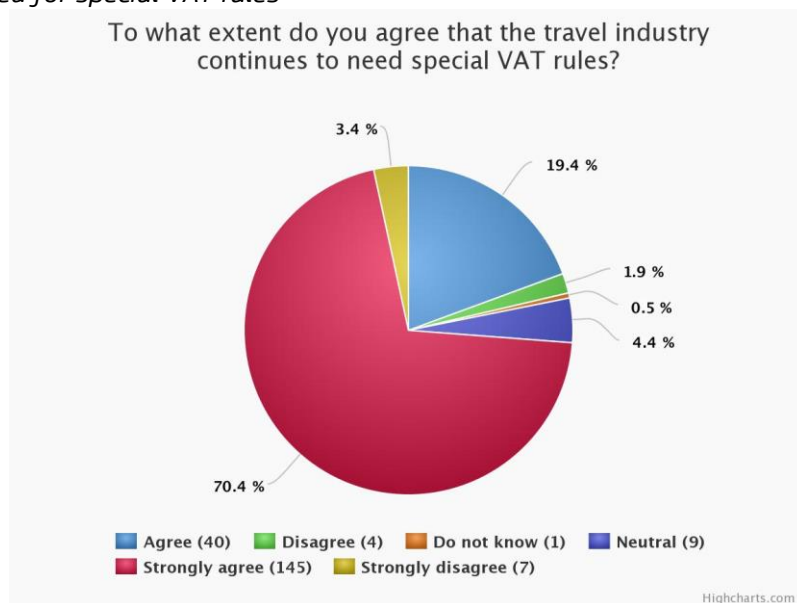


Figure 22: Coherence of special VAT scheme with wider VAT system

Within the special VAT scheme for travel agents and tour operators, the margins are taxed in the Member State where the travel agent or tour operator is established. Within the wider VAT system and considering the implementation of the One-Stop-Shop in 2021, services are to be taxed where the final consumption takes place. In this specific context, to what extent do you consider the special VAT scheme for travel agents and tour operators is coherent with the wider VAT system and its rules?

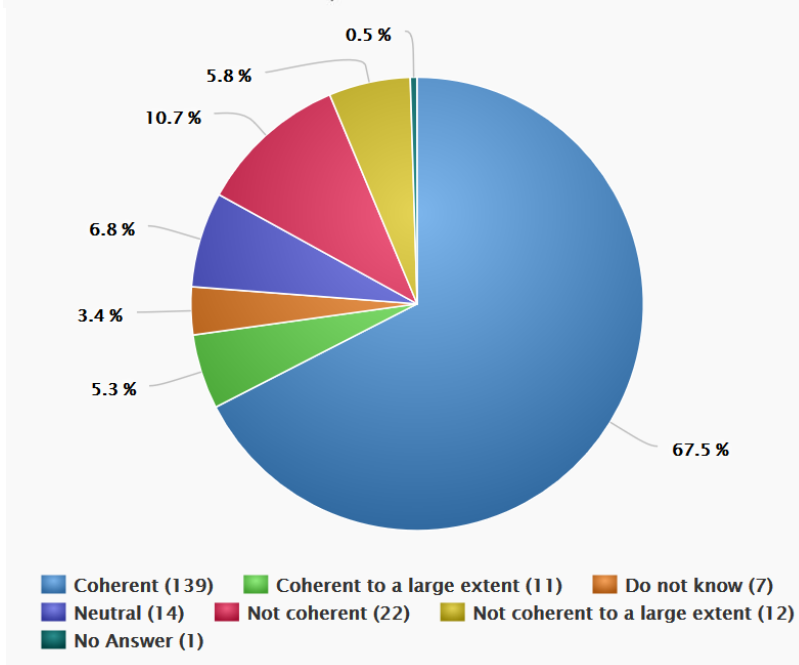
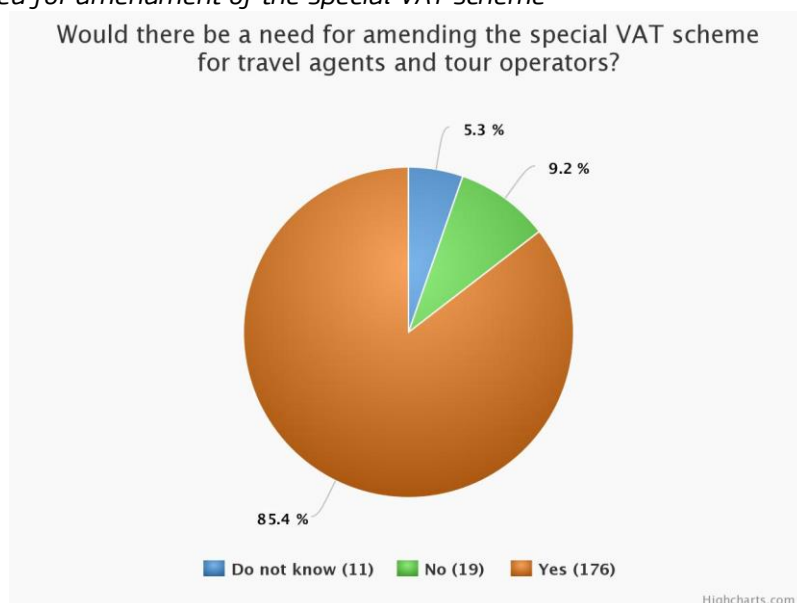


Figure 23: Need for amendment of the special VAT scheme



3. NEXT STEPS

This factual summary provides a first brief factual explorative statistical analysis of the distribution of respondents and of closed questions.

In a “synopsis report”, the Commission will conclude on all consultations carried out and feedback received during the project. In particular, the synopsis report will include a more detailed analysis of the contributions to the public consultation. In addition, the it will incorporate the feedback provided on the roadmap of the evaluation at the start of the project – and a review of position papers submitted by stakeholders to the Commission.

The analysis of the consultations eventually feeds into the preparation of a Commission Staff Working Document presenting the overall analysis, findings and recommendation of the evaluation of the special VAT scheme for travel agents and tour operators. The synopsis report will be added as specific annex on stakeholder consultations to that Commission Staff Working Document.