



COMMISSION EUROPÉENNE  
SECRÉTARIAT GÉNÉRAL

Direction A – Greffe

Bruxelles, le 18.1.2018  
SEC(2018) 49

**REGULATORY SCRUTINY BOARD OPINION**

**Proposal for a Council Directive amending Directive 2006/112/EC on the  
common system of value added tax as regards the special scheme  
for small enterprises**

{COM(2018) 21}  
{SWD(2018) 9}  
{SWD(2018) 11}



EUROPEAN COMMISSION  
Regulatory Scrutiny Board

Brussels,  
Ares(2017)

## **Opinion**

**Title: Impact Assessment - Common system of VAT on SMEs**

**Overall opinion: POSITIVE**

### **(A) Context**

On 7 April 2016, the Commission adopted an Action Plan on VAT. This set out ways to make the VAT system simpler, more business-friendly and less vulnerable to fraud.

This impact assessment relates to a proposal to simplify VAT obligations for SMEs under the definitive VAT system. It involves a review of the special scheme for small enterprises under Directive 2006/112/EC.

Parallel initiatives in the Action Plan include a definitive VAT system for intra-EU cross-border trade, the modernisation of VAT rates policy, and enhanced VAT administrative cooperation between Member States.

### **(B) Main considerations**

**The Board acknowledges the overall good quality of this impact assessment. It commends the efforts to quantify impacts and explain the complexity of the problems.**

**The Board gives a positive opinion, with a recommendation to further improve the report with respect to the following key aspects:**

- (1) The report lacks a clear explanation of how the definitive VAT regime changes the context compared to earlier attempts to simplify the SME regime, and how this affects SMEs.**
- (2) The report does not sufficiently elaborate the options with regard to their content, including additional simplification elements. The report does not sufficiently substantiate why it discards the harmonisation option.**
- (3) It is not clear why the report includes an objective and option with respect to occasional traders, given that this issue is not part of the final package.**

### **(C) Further considerations and recommendations for improvement**

**(1) Setting the context for the proposal.** The introduction of the report could explain in more detail the importance and the sequencing of the proposal in relation to putting in place the definitive VAT system and the other VAT proposals in the 2016 VAT Action Plan. In particular, the report could better explain the need for this initiative given the definitive VAT system.

**(2) Clarification of scope and options.** The report could elaborate on why prior VAT SME simplification proposals have failed, how this has influenced the current options and why it is reasonable to expect this proposal to succeed. Given the need for reducing cross-border VAT complexity for SMEs, in particular under the definitive regime, the report could more clearly explain why options of harmonising the exemption threshold and/or making it compulsory are discarded or not considered. Moreover, it could explain in more detail and upfront the reasons for not regulating occasional traders as part of this initiative. It should explain the need to act on this matter and what the Commission has committed to. It should then not consider this point further in the report.

**(3) Clarifications of provisions.** The report could further clarify the extent to which this proposal carries over some existing provisions within the SME Scheme. It could also better explain what flexibility will remain for Member States in the proposed framework of common obligations for SMEs.

**(4) Simplification elements.** The report could bring forward more material on simplification from the studies into the main body of the report. This would help to clarify and substantiate the simplification elements and associated compliance costs of the options.

**(5) Monitoring.** The report could do more to establish what success of the initiative would look like. It should identify some quantitative and qualitative indicators and propose benchmarks against which it will be possible to assess ex-post the success of the initiative.

**(6) Stakeholder views.** The report could further elaborate on differences in stakeholder views on the options and impacts. It could also reflect relevant elements which the REFIT Platform opinion has raised.

*Some more technical comments have been transmitted directly to the author DG.*

### **(D) RSB scrutiny process**

**The lead DG shall ensure that the recommendations of the Board are taken into account in the report prior to launching the interservice consultation.**

Full title	Proposal for a Council Directive Amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises
Reference number	2017/TAXUD/008
Date of RSB meeting	13/09/2017