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Telecommunications, broadcasting & electronic services

The rules for these services will change on 1 January 2015.

Current rules

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Report on feasibility of new rules 2015

The Explanatory Notes for 2015 (available in 26 languages)

One Stop Shop guidelines for 2015(available in 26 languages)

Information on selected national VAT rules

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Current rules

Supplies into or from the EU

Type of service transaction	VAT payable in ("place of supply")
Telecoms/broadcast/electronic services from: <ul style="list-style-type: none"> • outside the EU to a customer in the EU or • inside the EU to a customer outside the EU 	Country where customer belongs (has their main business or fixed premises, their permanent address or usually lives). <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> In some cases, subject to a 'use and enjoyment' override </div>

The effects of this are as follows:

EU BUSINESSES supplying to:

Business or consumer outside the EU	Usually no EU VAT charged. [Articles 44 and 59 VAT Directive]
	But if the service is effectively used & enjoyed in an EU country, that country can decide to levy VAT. [Article 59a VAT Directive].

Example

A Hungarian company sells an anti-virus program to be downloaded through its website to businesses or private individuals in Australia.

There is no charge to Hungarian or other EU VAT on this service.

NON-EU BUSINESSES supplying to:

1. Business in the EU	No VAT charged. Customer must account for the tax (reverse-charge mechanism). [Article 44 VAT Directive]
2. Consumer in the EU - telecoms or broadcasting services	Must charge VAT in the EU country where the service is effectively used and enjoyed. [Article 59b VAT Directive]

Example

A person living in Barcelona pays a US company for access to American TV channels. The US company must charge the customer Spanish VAT.

Example

A French customer of a Swiss telecoms operator using their mobile phone in France will be charged French VAT.

When using their phone while on holiday in Greece, the customer will be charged Greek VAT on the calls made from Greece.

3. Consumer in the EU - electronic services	Must charge VAT in the EU country where that consumer belongs (is registered, has their permanent address or usually lives) [Article 58 VAT Directive]
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Example

A private person living in Sweden uses a Japanese online library. The Japanese supplier must charge Swedish VAT.

One-time VAT registration ("mini one-stop shop" – MOSS)
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Non-EU firms supplying electronic services to consumers in the EU, can make use of a simplified procedure which allows them only to **register for VAT in 1 EU country**, regardless of how many other EU countries they are supplying.

That country collects and distributes the VAT on behalf of all the other countries – charged at the applicable national rate depending where the customer belongs.

Rules for this scheme

The scheme does not currently apply to telecommunications or broadcasting services.

Supplies between EU countries

Type of service transaction	VAT payable in ("place of supply")
Telecoms/broadcast/electronic services supplied <i>within</i> the EU	<p>B2B – EU country where the customer belongs</p> <p>B2C – EU country where the supplier belongs</p>

For an EU business, this means that:

- when supplying a **business in another EU country**, they must *not* charge VAT; the customer must account for the tax under the reverse-charge mechanism
[Article 44 VAT Directive]
- when supplying a **consumer in the EU**, they *must* charge VAT in the EU country where the business is based, no matter where the customer belongs
[Article 45 VAT Directive]

New rules from 2015

From 1 January 2015, telecommunications, broadcasting and electronic services will

always be taxed in the country where the customer belongs*

- regardless of whether the customer is a business or consumer
- regardless of whether the supplier based in the EU or outside

* For a business (taxable person) = either the country where it is registered or the country where it has fixed premises receiving the service.

* For a consumer (non-taxable person) = the country where they are registered, have their permanent address or usually live.

For the **definition of 'electronic services'** see the Explanatory Notes below, in particular under points 1.3; 2.3.3; and 2.4.3.

The effects of this are as follows:

EU BUSINESSES supplying:

1. Business in another EU country	No VAT charged. Customer must account for the tax (reverse-charge mechanism).
2. Consumer in another EU country	Must charge VAT in the EU country where the customer belongs (not where the business is based).
3. Business or consumer outside the EU	No EU VAT charged. But if the service is effectively used & enjoyed in an EU country, that country can decide to levy VAT.

NON-EU BUSINESSES supplying:

1. Business in the EU	No VAT charged. Customer must account for the tax (reverse-charge mechanism).
2. Consumer in the EU (telecoms, broadcasting or electronic services)	Must charge VAT in the EU country where the customer belongs.

Report on feasibility of new rules 2015

The European Commission published a [report](#) to the Council on the feasibility of applying the new VAT rules for telecom, broadcasting and electronic services as of January 2015. The report describes the action taken in the last six years to prepare the implementation of the new rules, ensure legal certainty and facilitate business compliance.

The Explanatory Notes for 2015

The [Explanatory notes](#) have been prepared in order to provide a better understanding of the EU legislation relating to the place of supply of telecommunications, broadcasting and electronic services.

These notes are not legally binding and only provide practical and informal guidance about how EU law should be understood and applied on the basis of the views of the Commission's Directorate General for Taxation and Customs Union.

It is the product of collaborative work between the Directorate General for Taxation and Customs Union, Member States and businesses.

These notes are a work in progress: it is not a final product, but it reflects the state of play at a certain point in time in accordance with the knowledge and

experience available. Over time, it is expected that additional elements may be needed.

In 2015 the one-time registration scheme (mini one-stop shop) will be:

- extended to telecommunications and broadcasting and
- made available to EU businesses too

One Stop Shop guidelines for 2015

A [practical guide](#) has been prepared in order to provide a better understanding of EU legislation relating to the mini One Stop Shop, as well as of the functional and technical specifications of the special schemes, as adopted by the Standing Committee on Administrative Cooperation (SCAC). This guide is complemented by [additional guidelines](#) (available in all EU official languages, Russian, Chinese - and Japanese) on the audit of the mini One Stop Shop and [IT-information](#) related to a suggested standard audit file for MOSS (mentioned in the additional guidelines under d)).

This guide and the additional guidelines on the audit of the mini One Stop Shop are not legally binding and only provide practical and informal guidance about how EU law and EU specifications are to be applied on the basis of the views of the Commission's Directorate General for Taxation and Customs Union.

These guidelines are the result of collaborative work between the Directorate General for Taxation and Customs Union and Member States.

These guides are work in progress: it is not a final product, but it reflects the state of play at a certain point in time in accordance with the knowledge and experience available. Over time, it is expected that additional elements may be needed.

Information on selected national VAT rules

A report has been prepared, which is complemented by [instructions for use](#).

Comments on the information available in this document can be sent to TAXUD-C1-MOSS-2015@ec.europa.eu. Please be aware that they will also be forwarded to the Commission's contractor participating in the study on the Mini One-Stop Shop.

National contact points for 2015 EU VAT changes

See the [list of contact points](#) provided by Member States for the 2015 EU VAT changes.

Disclaimer:

Member States have designated contact points with a view to the 2015 changes. These points are set up only to facilitate the contact with national administrations on matters relating to the 2015 changes. Such contact will not automatically bring a solution for potential cases of double taxation.

The designated contact points should only be used for that purpose and

other VAT questions will be disregarded by Member States.

Events related to the new rules

- Event in Herent (Belgium), 20 November 2014, BeCommerce Cross-Border Summit.
- Event in Paris, 3 November 2014, organised by the French tax authorities, Enterprise Europe Network Paris Ile-de-France Centre and the European Commission.
- Event in Berlin, 22 October 2014, organised by KMLZ, DStV, DIHK and the European Commission.
- Event in Brussels, 23-24 October 2014 organised by the International VAT Association (IVA). For registration click on "Subscribe for Forthcoming Conference".
- Event in Paris, Tuesday 23 September 2014, organised by CMS Bureau Francis Lefebvre
- Event in Santa Clara, California, USA, Thursday 18 September 2014 organised by Tax Executives Institute.
- Event in Santa Monica, California, USA, Tuesday 16 September 2014 organised by BayPay. See the presentations.
- Event in Warsaw, Tuesday 9 September 2014. Information is available.
- Event in Luxembourg, Wednesday 18 June 2014. See www.gr-businessdays.com for further information. Watch a video of the event.
- Event in London, Monday 2 June 2014. See presentations and video of the event.
- Event in Luxembourg, Thursday 15 May 2014. Organised by Luxembourg's Chamber of Commerce and the European Commission's Representation in Luxembourg.
- Event in Tokyo, Thursday and Friday 17-18 April 2014. Global VAT Forum organised by the OECD. See dedicated page.
- Event in Brussels, Thursday 13 March 2014. Organised by Brussels Enterprises Commerce and Industry (BECI)

Legislation now – and after 2015

Sales to final consumers – overview

CURRENT RULES			
Telecommunications, broadcasting & electronic services ⁽¹⁾			
Services supplied by/to	EU consumer in EU country 1	EU consumer in EU country 2	Non-EU consumer⁽³⁾
EU supplier (EU country 1)	Taxable in EU country 1	Taxable in EU country 1	No EU VAT
EU supplier (EU country 2)	Taxable in EU country 2	Taxable in EU country 2	No EU VAT
Non-EU supplier	Taxable in EU	Taxable in EU	No EU VAT

	country 1 ⁽²⁾	country 2 ⁽²⁾	
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(1) One-time registration (MOSS) available for electronic services.

(2) Taxable in country of effective use & enjoyment, if this is not the country where the customer belongs.

(3) Unless used in a country that applies the effective use & enjoyment rules.

RULES FROM 2015			
Telecommunications, broadcasting & electronic services			
Services supplied by/to	EU consumer in EU country 1	EU consumer in EU country 2	Non-EU consumer⁽²⁾
EU supplier (EU country 1)	Taxable in EU country 1	Taxable in EU country 2 ⁽¹⁾	No EU VAT
EU supplier (EU country 2)	Taxable in EU country 1 ⁽¹⁾	Taxable in EU country 2	No EU VAT
Non-EU supplier	Taxable in EU country 1 ⁽¹⁾	Taxable in EU country 2 ⁽¹⁾	No EU VAT

(1) One-time registration (MOSS) available.

(2) Unless used in a country that applies the effective use & enjoyment rules.

Changes to one-time registration scheme (MOSS) from 2015

Online declaration/payment

For supplies to consumers, both EU and non-EU businesses can use a **web portal** in the EU country where they are VAT-registered to declare and pay the VAT due in their customer's EU country.

Council Directive 2008/8/EC – place of supply of services (see Article 5)

Council Implementing Regulation (EU) No 1042/2013 – place of supply of services

Council Implementing Regulation (EU) No 967/2012 – obligations under the one-time registration scheme (MOSS)

Commission Implementing Regulation (EU) No 815/2012 - standardised date for registrations and returns