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6 March 2014

Mr. Heinz Zourek
Director General, Taxation and Customs Union
Directorate-General, Taxation and Customs Union
European Commission
B-1049 Brussels
Belgium

Via email: Heinz.Zourek@ec.europa.eu

Subject: EU VAT Web Portal

Dear Mr. Zourek,

The Commission and Member States have made progress in harmonising their VAT systems, yet numerous differences remain across the European Union (EU). Businesses with operations throughout the Single Market face significant challenges in complying with these rules, a task made more difficult by the lack of a single location for researching Member State VAT laws. Tax Executives Institute (TEI or the Institute) commends the Commission for recommending the creation of a web portal that would provide a repository for current VAT rules of the Member States. TEI urges the Commission to work with the Member States and the Member States to commit to this initiative by supporting the Commission in the creation of this critical tool that would greatly assist businesses in their efforts to comply with VAT obligations in the EU. TEI would be pleased to assist the Commission in these efforts.

TEI was founded in 1944 to serve the professional needs of business tax professionals. In 1999, TEI chartered a chapter in Europe, which encompasses a cross-section of European and multinational companies. Today, the organisation has 55 chapters throughout the world. As the preeminent international association of in-house tax professionals, TEI has a significant interest in promoting sound tax policy, as well as in the fair and efficient administration of the tax laws, at all levels of government. Our nearly 7,000 members represent approximately 3,000 of the largest companies in Europe, the United States, Canada, and Asia.

TEI members are accountants, lawyers, and other corporate and business employees responsible for the tax affairs of their employers in an executive, administrative, or managerial capacity. The Institute espouses organisational values and goals that include integrity, effectiveness and efficiency, and dedication to improving the tax system for the benefit of taxpayers and tax administrators alike.

While there is one main VAT Directive at the EU level, it is not applied uniformly by the Member States. Indeed, each of the 28 Member States has its unique VAT legislation and the arrangements for intra-EU trade set forth in the VAT Directive are not applied by Member States in the same fashion. With the Commission's interpretations as an overlay on those of the Member States, there are potentially 29 different interpretations of the same rules and principles. This lack of standardised rules, consistently interpreted and applied, challenges the best efforts of businesses to comply with their VAT obligations, particularly when it comes to meeting their foreign VAT obligations (*i.e.*, VAT obligations outside their home country).

For businesses with operations throughout the EU, researching the VAT treatment of transactions for all Member States is a time-consuming and expensive process. This is especially true when determining how, when, and where to declare and pay VAT outside the home country of the business. Businesses would welcome a tool to streamline access to key VAT rules in each Member State, along with an outline of how to comply with those rules. TEI commends the Commission for its statement in its Communication to the European Parliament, the Council and the European Economic and Social Committee, recommending the creation of "a web portal, which provides such information in several languages on issues such as registration, invoicing, VAT returns, VAT rates, special obligations and limitations to the right of deduction."¹

This initiative would benefit both Member States and businesses. For example, it would help safeguard VAT revenues of the Member States through more accurate reporting and, at the same time, reduce the administrative burdens and attendant costs for businesses. A web portal would also support, and is critical for, other initiatives beneficial to the Single Market, including the VAT Mini-One Stop Shop, a standard VAT return, and efforts to improve application of the destination principle across the EU. All of these projects would help reduce "the fragmentation of the common EU VAT system into 27 [now 28] national VAT systems [that] is the main obstacle to efficient intra-EU trade and thus prevents citizens from reaping the benefits of a genuine single market."²

TEI urges the Commission and Member States to create a high priority action plan with a goal of having the EU VAT web portal in operation by the end of 2014. The EU VAT Forum would provide the ideal platform for detailed discussion of this topic among representatives of the Commission, Member States, and businesses with operations in the EU. TEI has members who participate in the EU VAT Forum, and TEI stands ready to support the

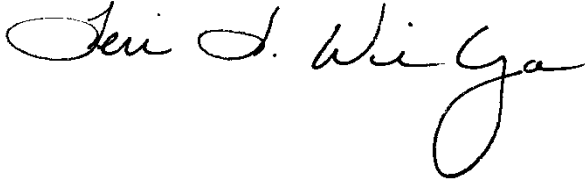
¹ Communication to the European Parliament, the Council and the European Economic and Social Committee dated December 6th 2011 - COM(2011) 851 final.

² *Id.*

Commission and Member States in their discussions of the content and functionality of an EU VAT web portal.

TEI's comments were prepared by the Institute's European Indirect Tax Committee, whose chair is Jean-Francois Turgeon. If you have any questions about TEI's comments, please contact Mr. Turgeon at +41 228 494 342 or Turgeon_Jean-Francois@cat.com, or Daniel B. De Jong of the Institute's legal staff at +1 202 638 5601 or ddejong@tei.org.

Respectfully submitted,
Tax Executives Institute, Inc.



Terilea J. Wielenga
International President

Cc: Member State representatives in Brussels