



# Workshop on VAT in the energy sector

**ENERGY COMMUNITY- TAXUD**

**Vienna 25<sup>th</sup> March 2019**

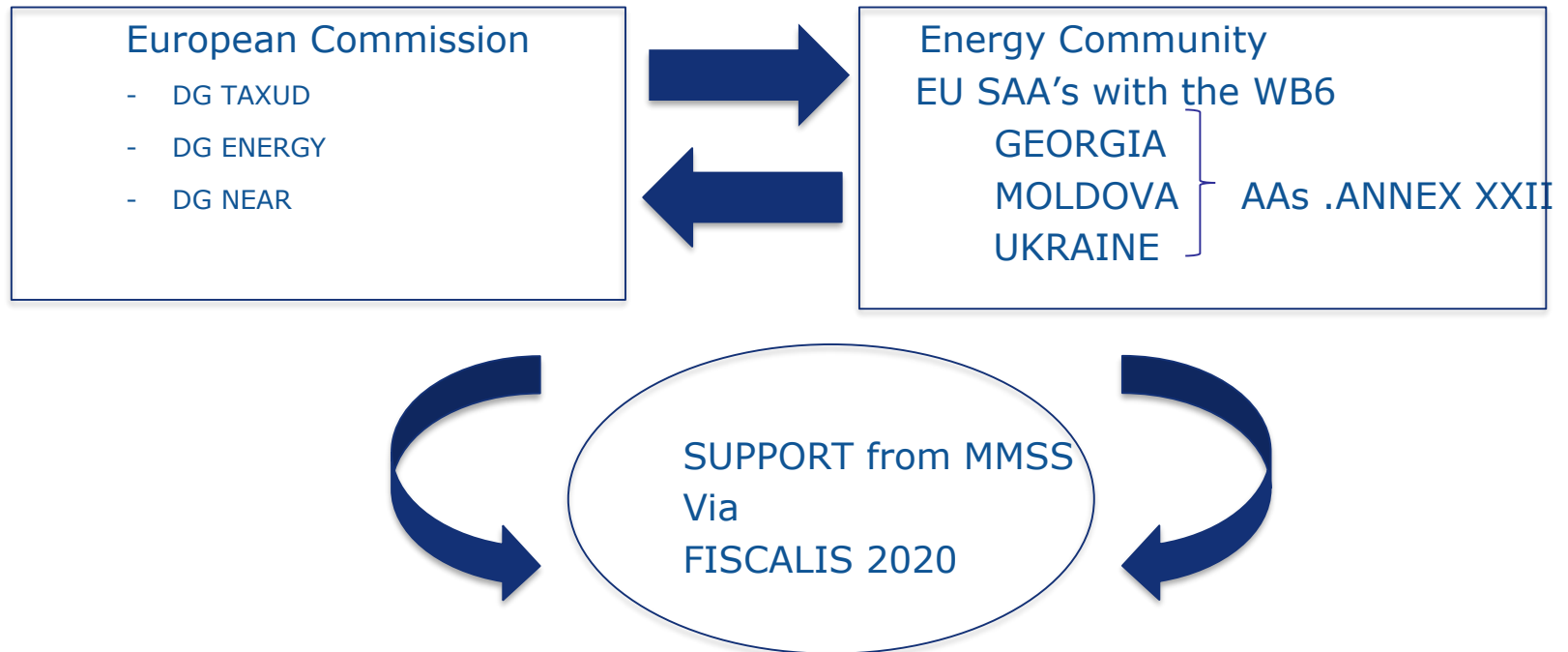
# Why is proper implementation of the VAT rules in the energy sector important for the EU Commission.

A) For wider (political) reasons.

- To ensure the alignment with the Acquis of Enlargement countries.
- To implement our Association Agreements.
- To eliminate obstacles to the functioning of the energy markets,

B) To protect the VAT receipts of Member States

# TAXUD PERSPECTIVE



# REFERENCE DOCUMENTS

- Conclusions of the 46<sup>th</sup> Permanent High Level Group of the Energy Comm.
- Study examining the implementation of EU acquis on VAT in the Energy Community (August 2017)
- Implementation Plan

» Preparation of amendments

» Implementation, monitoring and consulting





» VAT EXPERT GROUP

# KEY ISSUES

- PRINCIPLES
- SITUATION IN EACH PARTY
- DOUBLE or no Taxation
- PROPOSALS

# MAIN PRINCIPLES

- A) GENERAL PRICIPLES
  - Harmonization .
  - Simplicity.
  - Neutrality .
- B) KEY PRINCIPLES
  - Electricity and gas as a good
  - B2B  Taxable dealer
  - B2C  Consumer
  - Exemption to import . Art 143.I) VAT
  - Supply of services
  - Mechanism to prevent fraud (RCM and QRM)



# Status of VAT harmonization in the energy sector according to the study by the Energy Community

- ALBANIA , KOSOVO\* AND SERBIA: "a good level of harmonization"
- BiH, MONTENEGRO AND NORTH MACEDONIA: "some level of harmonization"
- GEORGIA, MOLDOVA AND UKRAINE: "no harmonization"

\* This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

# Status of harmonization with EU VAT regime

VAT Directive - subject matter	Application	Article	Albania	B&H	Montenegro	Georgia	Kosovo	FYR of Macedonia	Moldova	Serbia	Ukraine
TAXABLE PERSON	general	(Art. 9)		////						////	
GOVERNMENTAL BODIES	general	(Art.13)		////	////		////	////		////	
PLACE OF SUPPLY OF GOODS	NG and electricity	(Art. 38, 39)							////	////	
PLACE OF SUPPLY OF SERVICES	general, and access to network	(Art. 44, 45, 59/1/h)						////			
EXEMPTIONS ON IMPORTATION	NG and electricity	(Art. 143)							////		
EXEMPTIONS ON EXPORTATION	general	(Art. 146)		////	////				////		////
PERSON LIABLE FOR PAYMENT OF VAT	general	(Art.192a )									
	reverse charging - general	(Art.194 )									
	cross-border reverse charging [NG and electricity]	(Art.195 )									
	domestic reverse charging [NG and electricity, certificates] and reporting	(Art.199a)								////	
	tax representative	(Art.204)									

CESEC 24 October 2014



# DOUBLE TAXATION AND NO TAXATION

- A) As a Service

- B) As a Good

- RESULT , 40 MILL loss in VAT receipts

# CONCLUSIONS AND NEXT STEPS

- Review of the situation in each party
- COMMITMENTS BY EACH PARTY
- ORGANIZATION FOR FISCALIS 2020,
- NEXT MEETING

# MANY THANKS

**Carlos Justicia Díaz**

**European Commission**

Directorate-General for Taxation and Customs Union

*E4 Trade Facilitation, Rules of Origin and International Coordination: Europe and Neighbouring Countries&International Organisations*

Phone; +32 229 556 78

*Office:J-79, 9/221, rue de la Loi 80 - B-1049 Brussels*

B-1049 Brussels/Belgium

[Carlos.JUSTICIA-DIAZ@ec.europa.eu](mailto:Carlos.JUSTICIA-DIAZ@ec.europa.eu)