

# *Workshop on Value added tax on transactions in network energy*

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*Location K+K Palais Hotel, Rudolfsplatz 11, 1010 Vienna,  
Date and time: 26 April 2017 from 12:00 to 16:00 hrs*

## **1. The study**

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The Consultants presented the outcome of the Study on examining the implementation of the EU acquis on VAT in the Energy Community legal order. The participants agreed that the Study provided elaborated answers to the questions of VAT on energy related transaction, identified VAT related obstacles to energy market integration, proposed solution to overcome them relying on the relevant applicable EU legislation and practice. The Secretariat shall present the findings of the Study to the PHLG on 27 April 2017.

After the discussion, the participants substantially approved the findings of the Study, it was agreed that any remaining request for clarification of the findings, assessments and recommendations had to be submitted in writing to the Secretariat and the Consultants by Friday 28 April 2017 with the view to have them incorporated in the final text of the Report.

## **2. Experience sharing**

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The experts representing European power exchanges presented their experience in combating tax fraud and the mechanisms improving resilience to fraud in energy trading, primarily reverse charge mechanism, and other tools to prevent frauds. The key message is that prevention is the best tool against fraudster.

The participants agreed that experience sharing is important and invited experts from EU trading associations and institutions to continue cooperation with the Energy Community with the aim to better understanding the risks of VAT fraud in energy trading and to build capacity, mechanisms and skills to prevent and combat VAT fraud.

## **3. Wrap up**

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The Secretariat in cooperation with the nominated national experts shall work out the details of the proposed recommendations for harmonization, taking into account both optimum and minimum requirements for harmonization. The ultimate objective is to remove VAT related obstacles for energy trading across the border within the integrated market by elimination of possibility for non-taxation or double taxation and to timely prepare legal, administrative and institutional framework to prevent and combat tax fraud in energy trading.

The harmonization of VAT legislation will be based on the EU Directives, taking into account specifics of the fiscal system of the Contracting Parties and available institutional framework, the feasibility and implementability of the proposed solutions.

For better understanding of energy trading and services related to network energy by the national VAT authorities, the Secretariat is invited to prepare, in cooperation with TSOs, the list of services related to network energy in order to harmonize the definition and taxation of these services.

The participants agreed that the national experts for VAT had to cooperate closely with experts for energy markets in their respective jurisdiction. In addition, in order to properly reflect specifics of national energy markets and applicable VAT, a cooperation within the Energy Community should be maintained.

The nominated national VAT experts should meet again to exchange views and to achieve common understanding during the preparation of the proposal to the EnC institutions.