

# **VAT issues in the sharing economy**

## **Some thoughts**

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# VAT : Basic principles

## ***Subject to VAT:***

- supply of goods and services for consideration
- by a taxable person acting as such

## **Taxable Person:**

- any person carries out *economic activity*
- *independently*
- whatever the purpose or results of the activity
- obtaining income on a *continuing basis*
- very wide definition (jurisprudence)

# VAT treatment

## 2 main activities:

- **Goods and services provided by individuals through a sharing economy platform**
- **Services provided by online economy platform**

# **Goods or services provided by individuals through a sharing economy platform**

## *Assessment:*

- **Are these goods and services qualified as taxable transactions ?**

**An economic activity?**

- **Provided for consideration?**
- **by a taxable person acting independently as such?**
- **On continuing basis?**

**Or on occasional basis?**

## **Goods or services are made available as part of an exchange**

1. An individual supplies G or S to another individual and this latter supplies G or S in exchange.
2. An individual contributes his G or S to the common pool and gets in exchange the right to benefit from another's G or S included in the pool.

**VAT assessment will be fundamentally the same. (taxable activity?)**

**Only one issue: treatment of consideration in kind: direct link between the G or S provided and the remuneration. (assessment case-by-case), if no direct link: no subject to VAT**

# Services provided by online economy platforms

- **Platforms provide opportunity for customers and individual service provider to interact**
- Platforms do not charge fees
  - out of scope of VAT
- Platforms charge fees: intermediation services
  - Supply services for consideration, so subject to VAT (except if financial services such as payments or transfers: could be VAT exempt).

# Key issues

- ❖ **Compliance**
- ❖ **Platforms: responsibility in collecting taxes?**
- ❖ **Occasional supply?**
- ❖ **SME: threshold : no taxation**

***Thank you for your attention***