

VAT Experts

QUESTIONNAIRE FOR VAT EXPERTS

Section 1 - INTRODUCTION

Contact information

	Details
FIRST NAME	Ulf (VAT Expert) Marc (Contact)
LAST NAME	Knorr (VAT Expert) Lemanczyk (Contact)
POSITION	Managing Director Brussels Office
ORGANISATION	Deutscher Steuerberaterverband e.V.(DStV)
EMAIL ADDRESS	lemanczyk@dstv.de

PART A - VAT Simplification

A.1 Considering the reforms introduced by ViDA (such as e-invoicing, e-reporting of intra-EU transactions, the Single VAT registration), which **further simplifications** should be introduced in the EU VAT system to address unclear or burdensome provisions, schemes, or tools? [up to the three answers allowed]

Maximum 3 selection(s)

- ☐ Simplification of VAT registration processes across EU Member States
- ☒ Further digitalisation of reporting and invoicing requirements
- ☒ Standardisation of VAT rules for cross-border transactions
- ☐ More flexible VAT schemes for small businesses and start-ups
- ☒ Harmonisation of VAT refund processes across EU countries
- ☐ Clearer guidelines for e-reporting and data submission for VAT purposes
- ☐ Streamlining VAT audits and compliance checks
- ☐ Introduction of a unified VAT registration system for cross-border businesses
- ☐ Other simplifications
- ☐ I do not know

B.1 What is your view on special **VAT schemes** (e.g. margin-based, flat-rate)?

Please, indicate your level of support for the following statements:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Disagree	Don't know
Flat rate schemes are outdated and should be discontinued	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flat rate schemes add additional complexity to the VAT system	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flat rate schemes simplify compliance for taxable persons	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Margin-based schemes are outdated and should be abolished	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Margin-based schemes add additional complexity to the system	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Margin-based schemes simplify compliance for taxable persons	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Special VAT schemes create opportunities for tax fraud and abuse	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Review of special VAT schemes should be a priority to simplify VAT compliance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

B.2 Please indicate which special VAT schemes are the most outdated, create the most complexity or need reform the most. [Open question]

The VAT exemption for educational services under Article 132(1)(i) of the VAT Directive should urgently be reformed. There are in particular numerous problems arising in the field of professional training and vocational education as well as in retraining, which result in complex and bureaucratic administrative procedures. The tax exemption for educational services also distorts competition in the Member States. Therefore, we ask to include educational services in the list according to Article 137 of the VAT Directive. This would create fair conditions of competition and avoid an increase in the cost of educational services in all circumstances.

PART C - VAT Deduction and OSS

C.1 What are the **biggest and/or most common challenges** for businesses concerning **VAT deduction**? [up to the three answers allowed]

Maximum 3 selection(s)

- ☐ Unclear or inconsistent VAT deduction rules across EU Member States
- ☐ Difficulty in distinguishing between inputs for taxable and non-taxable supplies
- ☐ Issues related to the timing of VAT deduction (e.g., timing mismatches)
- ☐ Lack of proper documentation for VAT-deductible expenses
- ☒ Restrictions on VAT deduction for certain inputs (e.g. entertainment, food and accommodation, means of transport)
- ☒ Complex VAT refund procedures for cross-border transactions
- ☒ Ambiguities in the VAT treatment of mixed-use goods and services
- ☐ Other challenges
- ☐ I do not know

C.2 To what extent do you think these challenges are compounded by differences in national VAT deduction rules?

- ☒ To a very significant extent
- ☐ To a significant extent
- ☐ To a moderate extent
- ☐ To a limited extent
- ☐ To a negligible / no extent
- ☐ I do not know

C.3 What are the **main delays or administrative difficulties** in **reclaiming deductible VAT** incurred in other Member States? [up to three answers allowed]

Maximum 3 selection(s)

- ☒ Lengthy processing time for VAT refund requests
- ☐ Lack of clarity in the documentation requirements
- ☐ Different VAT refund procedures in each EU Member State
- ☐ Issues related to language or communication barriers
- ☒ Complex or inconsistent application of VAT refund rules
- ☒ Administrative costs associated with VAT refund requests
- ☐ Other delays or difficulties

☐ I do not know / I do not have experience with refunds of VAT incurred in another EU Member State

C.4 Do VAT refund requests require **the assistance of a tax advisor** (either locally or in the country of request)?

- ☐ Yes, tax advisor assistance is always required
- ☒ Yes, tax advisor assistance is usually required
- ☐ No, tax advisor assistance is rarely required
- ☐ No, tax advisor assistance is never required
- ☐ I do not know

C.5 What is the typical tax advisor's fee for handling a **VAT refund request**?

- ☐ Less than €500
- ☐ €500 - €1,000
- ☐ €1,000 - €3,000
- ☐ More than €3,000
- ☒ I do not know

C.6 What is the typical delay **in receiving the VAT refund** after submission of the request?

- ☐ Less than 1 month
- ☐ 1 - 3 months
- ☐ 3 - 6 months
- ☐ More than 6 months
- ☒ I do not know

C.7 Do companies, especially SMEs, avoid requesting VAT refunds **due to the costs associated** with the refund procedure?

- ☐ Yes, SMEs often avoid VAT refund requests due to high costs
- ☐ No, SMEs do not avoid VAT refund requests due to costs
- ☒ Only SMEs with smaller refund amounts avoid VAT refund requests
- ☐ Only SMEs with larger refund amounts avoid VAT refund requests
- ☐ I do not know

C.7 Do companies, especially SMEs, avoid requesting VAT refunds **due to the costs associated** with the refund procedure?

- ☐ Yes, SMEs often avoid VAT refund requests due to high costs
- ☐ No, SMEs do not avoid VAT refund requests due to costs
- ☒ Only SMEs with smaller refund amounts avoid VAT refund requests
- ☐ Only SMEs with larger refund amounts avoid VAT refund requests
- ☒ I do not know

C.8 Has the use of the One-Stop-Shop (OSS) scheme discouraged VAT refund requests for cross-border transactions?

- ☐ Yes, the OSS has discouraged VAT refund requests
- ☒ No, the OSS has not discouraged VAT refund requests
- ☐ Only for certain types of transactions or businesses
- ☐ I do not know

C.9 How do you view the possibility of **integrating VAT deduction into the One-Stop-Shop (OSS)**, i.e., filing a declaration in your home country about deductible VAT incurred abroad and automatically calculating net VAT on a cross-country basis? [up to three answers allowed]

Maximum 3 selection(s)

- ☒ It would simplify the VAT refund process
- ☒ It would reduce costs for external advisors
- ☐ It would reduce the time spent by internal personnel on VAT refund requests
- ☒ It could make cross-border VAT refund procedures more transparent
- ☐ It would require significant technical and procedural changes
- ☐ It may face challenges due to different VAT rules across countries
- ☐ It would be beneficial, but the implementation timeline should be at least 2-3 years
- ☐ Other advantages or obstacles
- ☐ I do not know

PART D - Single Market and Harmonisation

D.1 To what extent do different national interpretations of VAT rules create **barriers to cross-border trade**?

- ☐ No significant barriers are created by different VAT interpretations
- ☒ Minor barriers related to VAT compliance in a few countries
- ☐ Moderate barriers that affect cross-border trade with some countries
- ☐ Significant barriers affecting cross-border trade in multiple EU countries
- ☐ I do not know

D.2 In your opinion, to what extent do VAT compliance requirements pose a barrier to scaling up operations within the EU?

- ☐ A significant barrier
- ☒ A moderate barrier
- ☐ A minor barrier
- ☐ No barrier at all
- ☐ I do not know

D.3 What **solution, tool, or institution** could be devised to reduce differences in the national interpretations of VAT rules across Member States? [up to three answers allowed]

Maximum 3 selection(s)

- ☐ Binding power for the VAT Committee
- ☐ More numerous non-binding guidelines issued by the European Commission or the VAT Committee
- ☒ A single EU VAT agency to oversee VAT rule interpretation
- ☒ Development of a central digital platform for VAT compliance
- ☐ Greater collaboration among EU tax authorities
- ☐ Creation of a VAT resolution mechanisms for cross-border disputes at the EU level
- ☐ Other solutions
- ☐ I do not know

PART E - Fixed Establishment

E.1 What are the current issues with **VAT fixed establishment rules** and their interpretation across countries? [up to three answers allowed]

Maximum 3 selection(s)

- ☒ Lack of clear and consistent definitions of "fixed establishment"
- ☐ Different interpretations of fixed establishment rules in various EU Member States
- ☒ Risk of double taxation due to inconsistent application of the rules
- ☐ Increased compliance costs due to varying requirements across jurisdictions
- ☒ Liability risks arising from unclear rules on fixed establishment
- ☐ Duplicated compliance requirements for businesses operating in multiple countries
- ☐ Other issues
- ☐ I do not know

E.2 Do you think that **a reform of fixed establishment rules** is necessary?

- ☒ Yes, a reform is necessary to create clearer and more consistent rules
- ☐ No, the current fixed establishment rules are adequate and do not need reform
- ☐ No, but some minor adjustments could improve clarity
- ☐ I do not know

E.3 If **a reform or harmonisation of fixed establishment rules** is implemented, which issues should it tackle? [up to three answers allowed]

Maximum 3 selection(s)

- ☒ Clearer definitions and criteria for determining when a "fixed establishment" arises
- ☒ Elimination of double taxation risks
- ☒ Streamlining compliance requirements across jurisdictions
- ☐ Reducing liability risks for businesses operating cross-border
- ☐ Other issues
- ☐ I do not know

E.4 Should the Single VAT registration be extended to other types of transactions (in addition to the changes introduced by the VAT in the Digital Age package), that could be then covered by the One-Stop Shop thus avoiding the duty to re-register in another Member States?

- ☒ Yes
- ☐ No
- ☐ I don't know

E.5 If yes, please indicate which transactions could be covered by the OSS, in addition to the extension brought forward by the VAT in the Digital age package. [Open question]

PART F -Digitalisation (E-invoicing, VAT Compliance, Collection System)

F.1 Does your country have e-invoicing or e-reporting requirements in place or forthcoming?

- ☒ Yes
- ☐ No
- ☐ I do not know

F.2 How has e-invoicing / e-reporting impacted on businesses' VAT compliance processes?

Please assess the overall impact of e-invoicing/e-reporting on:

Impact Area	Very significant	Significant	Moderate	Limited	Marginal	No e-invoicing / e-reporting in place	Don't know
Increased voluntary compliance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improved VAT reporting accuracy	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enhanced efficiency of invoice processing	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enhanced risk management (fraud prevention, audit reduction)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No system in place	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

F.3 What are the main **operational and/or technical challenges** businesses face with e-invoicing / real-time reporting? [up to three answers allowed]

Maximum 3 selection(s)

- ☐ Lack of technical infrastructure
- ☒ Integration with legacy systems
- ☐ High implementation costs
- ☒ Lack of guidance or support from tax authorities
- ☐ Other

F.4 To what extent would you say has **e-invoicing/e-reporting accelerated digital transformation** and business automation within companies?

- ☒ To a very significant extent
- ☐ To a significant extent
- ☐ To a moderate extent
- ☐ To a limited extent
- ☐ To a negligible / no extent
- ☐ I do not know

F.5 What key lessons have businesses learned from e-invoicing/e-reporting adoption? [up to the three answers allowed]

Maximum 3 selection(s)

- ☐ Importance of early planning
- ☒ Need for investment in IT infrastructure
- ☒ Need for investment in training
- ☐ Benefits of integration with accounting/ERP systems
- ☒ Importance of clear guidance from tax authorities
- ☐ Challenges related to data standardization and formats
- ☐ Other
- ☐ I do not know

F.6 Are pre-filled VAT returns available in your country?

- ☐ Yes
- ☒ No
- ☐ Don't know

F.10 Currently, VAT is collected based on **a fractionalised payment system**, through which every operator along the value chain pays some VAT to the tax authorities, corresponding to the difference between output and input VAT. Should the current fractionalised VAT payment system be replaced, considering the progress in e-invoicing and real-time reporting?

Please indicate your level of support for the following alternatives:

	Strongly Support	Support	Neutral	Oppose	Strongly Oppose	Don't know

Split payment (VAT paid directly to tax authorities or a blocked account)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Generalised reverse charge (VAT due by customer, rather than supplier)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retail sales tax (VAT only charged on B2C transactions)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

F.11 What do you think would be the major effects (positive or negative) of such reforms?

Please indicate your level of support for the following statements:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Disagree	Don't know
Split payment would reduce VAT gap and frauds	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Split payment would negatively affect firm's liquidity	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Split payment would increase compliance costs for businesses	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Generalized reverse charge would reduce VAT gap and frauds	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Generalized reverse charge would negatively affect government's liquidity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Retail sales tax would simplify VAT administration for businesses	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retail sales tax would improve ease of doing cross-border transactions with the EU	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

F.12 Are there other impacts from the above changes that you would like to mention? [Open question]

PART G - Greening VAT

G.1 Do you think that **VAT poses a barrier to the development and growth of the circular economy?**

- ☐ Yes
- ☒ No
- ☐ Don't know

G.3 Please indicate your level of agreement with the following statements:

	Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree	Don't know	
The current VAT scheme for second-hand goods promotes circular business models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The VAT scheme for second-hand goods imposes excessive bureaucracy on firms dealing with second hand goods	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The VAT treatment of second-hand goods does not distort competition between trading first-hand and second-hand goods	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The VAT treatment of second-hand goods across EU member states should be harmonised	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The VAT margin scheme should be expanded to include a broader range of second-hand goods	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

G.4 Please answer the following questions:

	Yes	No
Do you consider per-item margin calculation to be the most suitable method?	<input type="radio"/>	<input checked="" type="radio"/>
Would allowing periodic margin taxation improve the scheme's effectiveness?	<input checked="" type="radio"/>	<input type="radio"/>
Would allowing OSS for second-hand goods improve compliance and reduce administrative costs?	<input checked="" type="radio"/>	<input type="radio"/>
Should the scheme be expanded to cover new products made from used goods?	<input type="radio"/>	<input checked="" type="radio"/>
Would broadening the scope of the scheme increase fraud risks?	<input checked="" type="radio"/>	<input type="radio"/>

G.5 Please indicate your level of agreement with the following statements:

	Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree	Don't know
The current VAT rules discourage businesses from donating goods instead of discarding them	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
VAT exemptions for donated goods should be reviewed to encourage charitable contributions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
VAT deduction should be allowed on donated goods	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reducing or eliminating VAT on donated goods would significantly increase corporate participation in donation programmes	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

G.6 Please, answer the following questions:

	Yes	No
In your country, are donations frequently carried out informally to avoid VAT complications?	<input type="radio"/>	<input checked="" type="radio"/>
Would a harmonized EU-wide approach to VAT on donations improve the situation?	<input checked="" type="radio"/>	<input type="radio"/>
Should the VAT provisions on small-scale gifts be extended to encourage donations?	<input checked="" type="radio"/>	<input type="radio"/>
In your experience, do businesses prefer adjusting the corresponding deduction instead of charging VAT?	<input checked="" type="radio"/>	<input type="radio"/>

