Accommodation platforms as deemed suppliers in the European VAT system

Description of problem

- The growth of the platform economy, particularly in the accommodation sector, has made legislative intervention required. The new rules should ensure fair competition with traditional business but should also allow platforms to continue to grow in the EU.
- One of the main problems related to the platform economy is the issue of its proper VAT taxation (unclear tax status of entities involved, problems with classification of transactions).
- However, the platform economy also offers new opportunities, primarily related to the collection of VAT.
- The deemed supplier regime is the most far-reaching legislative solution imposing the responsibility on platforms for VAT collection.
- Therefore, I plan to consider whether it would be efficient and fair to use this solution and, if yes, which of the deemed supplier models seems most appropriate for accommodation platforms.

Deemed supplier models

- The paper discusses and compares 3 models of a deemed supplier regime in the European VAT system.
- Although the mechanism of operation of these models is basically the same, they differ in many aspects.

Aim of the research

- On the example of accommodation sector, which is the largest and most problematic part of the platform economy, I would like to present the potential opportunities that it can bring to the European VAT system.
- Therefore, the role of accommodation platforms in the VAT collection will be discussed.
- I plan to concentrate on the concept of a deemed supplier as the most far-reaching legislative solution imposing the responsibility on these platforms for VAT collection.

Scope of the research

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Preliminary conclusions

- The gradual development of the platform economy entailed the gradual development of VAT legislation, which resulted in a gradual increase in the number of obligations imposed on platforms.
- Initially, the platforms mainly enabled the distribution of digital content, followed by the delivery of goods (e-commerce) and the supply of services (e.g., accommodation, transport).
- Similarly, in the European VAT system, first a deemed supplier regime for the digital platforms appeared, then for the e-commerce platforms and now such a solution is planned for the accommodation platforms.
- The deemed supplier model is not only evolving but also becoming more and more sophisticated. The first deemed supplier regime is just a rebuttable presumption, in the second, if the conditions are met, the platform always replaces the supplier as a taxable person, in the third the use of the platform makes the transaction taxable for VAT purposes.
- In my PhD thesis three models of a deemed supplier in the European VAT system (including the latest EC proposal) will be discussed and compared.

Deemed supplier models in EU VAT System

- MODEL 1
  - EU VAT Directive
  - Rebuttable presumption

- MODEL 2
  - EU VAT Directive
  - Facilitates cross-border transactions
  - EU VAT collection

- MODEL 3
  - EU VAT Directive (project)
  - Cross-border transactions
  - VAT collection

Digital content

- MODEL 1
  - E-commerce
  - Services

- MODEL 2
  - E-commerce
  - Services

- MODEL 3
  - E-commerce
  - Services

Which deemed supplier model seems most appropriate for accommodation platforms?

- Yes, correctly designed

- All models have advantages and disadvantages

- As the number of B2C transactions increases, model 3 will probably not bring the expected results – better to extend model 2?

Is deemed supplier solution for accommodation platforms effective and fair?

- Yes, correctly designed

- All models are designed to achieve different goals

- All models are deemed to solve the problem of VAT collection