

Hit your tax goals!

Does your webshop comply with the current legislation?

EU's Digital Single Market: the VAT initiatives for cross-border e-commerce

Foreign bank accounts must be reported to the Central Point of Contact





EU's Digital Single Market:

VAT initiatives for cross-border e-commerce

Recently the European Commission unveiled its strategy for the Digital Single Market in Europe. The European Commission stated that digital technologies and the internet in general are transforming our world and that Europe must embrace this digital revolution by using the power of the EU's single market. This seems to be a top priority for the European Commission, who has worked out a detailed strategy, providing a clear action plan and deliverables.



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Changes on VAT for cross border e-commerce?

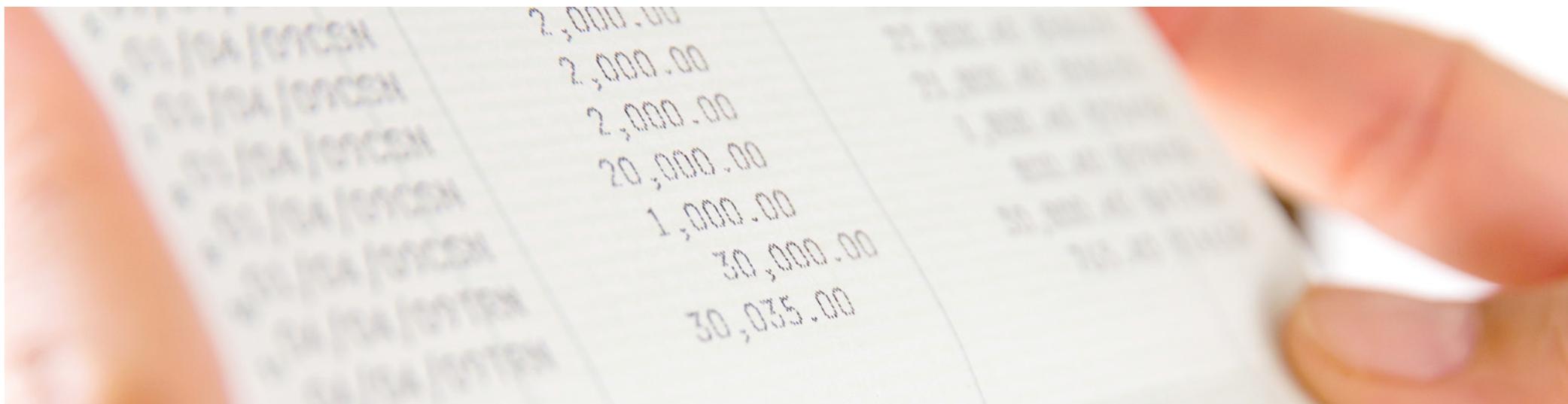
Next to various actions planned across different fields, initiatives to reduce VAT related burden and obstacles when selling across borders were also announced.

More specifically, the European Commission will make legislative proposals in 2016 to reduce the administrative burden on businesses arising from different VAT regimes including the following topics:

- Extending the current single electronic registration and payment mechanism to cross-border online sales of physical goods. Since 1 January 2015, with the entry into force of the new “place of supply” rules, VAT on all telecommunications, broadcasting, and electronic services is levied where the customer is based, instead of where the supplier is located. An electronic registration and payment system has been implemented to reduce the costs and administrative burdens for businesses concerned; this should also be extended to tangible goods ordered online both within and outside the EU.
- Introducing a common EU-wide simplification measure to help small start-up e-commerce businesses. Preparatory work has also been done for a comprehensive future initiative on reducing the VAT compliance costs for SME’s in general.
- Allowing for home country controls, including a single audit of cross-border businesses for VAT purposes.
- Removing the VAT exemption for the importation of small consignments from suppliers in third countries. Currently goods ordered online from third country suppliers can benefit from the small consignment import exemption allowing shipment free of VAT to EU private customers. This currently gives them a competitive advantage over EU suppliers with market distortions as a result in various Member States. Therefore the introduction of a single electronic registration and payment mechanism is

envisioned so that the VAT exemption could be abolished. VAT could possibly be accounted for at an earlier stage than customs clearance, by exporters or carriers.

- Analyzing the implementation of the VAT Mini One Stop Shop (MOSS) and the 2015 Place of Supply rules to simplify cross-border VAT rules.
- The Commission will also explore how to address the VAT treatment of certain e-services, such as digital books and online publications, in the context of the general VAT reform.



Foreign bank accounts must be reported to the Central Point of Contact

Like many countries, Belgium is tightening up its controls on tax evasion. In this context, the government will be collecting additional information about foreign accounts.

The Royal Decree of 3 April 2015 lays down the new rules which apply to taxpayers who hold accounts abroad. As from 2015, it will be compulsory to report these accounts to the Central Point of Contact (CPC) of the Belgian National Bank. The reporting must occur before the submission of the personal income tax return, on which the account also has to be reported. Taxpayers who reported a foreign account for the assessment years 2012 to 2014 (income for 2011 to 2013) in their tax return will be invited by the tax authorities to register these accounts with the CPC too.

The accounts can be reported online or in written form via a standard form available on the website of the Belgian National Bank.

You can find more information about this new obligation [here](#).



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Does your webshop comply with the current legislation?

More and more businesses are discovering the benefits of online commerce, and setting up a webshop to sell their goods or services. Both at European and Belgian level, quite a lot of new rules for webshops have been introduced in recent years. That means that it is no easy matter for businesses selling goods or services online to see the wood for the trees.

In mid-2014, the regulation on the obligation to supply information for consumers was significantly extended. It provides that - before an online sale is entered into - information must be supplied in a clear and comprehensible manner concerning the most important characteristics of the goods or services, the total price, the length of the contract, the delivery terms and procedure, etc.

And the law has also been tightened when it comes to the cooling-off period. A consumer must be told clearly that he/she can cancel the purchase within a period of 14 days and can return the goods. If the consumer is not informed about this, or is not told clearly enough, then the sanction is that he/she can still cancel the purchase within 12 months.



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New privacy regulation

Then there is the regulation on privacy. Anyone who wishes to process data about his users - for example for marketing purposes - must register with the Belgian Privacy Commission. In practice, this is sometimes overlooked.

Also, again before the sale is completed, the users of the webshop must be informed that certain information is being collected, and the purposes for which this information will be used.

The European privacy legislation will soon undergo a thorough revision. Probably the new privacy regulation, which will be directly applicable in Belgium, will come into force in the course of 2016. The new rules will normally contain a sanctions mechanism, where fines may be imposed by the Belgian Privacy Commission. In addition, the use of personal data for other profiling and direct marketing will be regulated more clearly and strictly.

Quick Scan

An important trend is that the legislation is increasingly evolving towards a model in which the consumer expressly has to give consent for the use of his personal data and businesses must inform consumers adequately about their rights and obligations.

Compliance with these rules is more important than ever before. Anyone who wants to find out if their webshop complies with the regulations would be advised to have a legal and fiscal 'quick scan' carried out, and where necessary, obtain advice about how to further optimize the webshop.

