



CONFEDERATION  
FISCALE  
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**Opinion Statement FC 2/2016**

**on the VAT treatment of cross-border services connected  
with immovable property**

**Prepared by the CFE Fiscal Committee**

**Submitted to the European Commission in February 2016**

*The CFE (Confédération Fiscale Européenne) is the umbrella organisation representing the tax profession in Europe. Our members are 26 professional organisations from 21 European countries with more than 200,000 individual members. Our functions are to safeguard the professional interests of tax advisers, to assure the quality of tax services provided by tax advisers, to exchange information about national tax laws and professional law and to contribute to the coordination of tax law in Europe.*

*The CFE is registered in the EU Transparency Register (no. 3543183647-05).*

## **The statement**

According to Article 47 of the Directive 2006/112/EC, the place of supply of services connected with an immovable property is where the immovable property is located.

The CFE points out that, even if there is no official explanation of the rationale of such a rule, according to Recital 3 of Directive 2008/8/EC, it is possible to assume that this specific provision on place of supply is intended to tax these services at the place of actual consumption, to avoid giving an incentive to suppliers to render their services from a low VAT rate jurisdiction. By this way, the place of taxation is, in principle, the place where the actual consumption takes place. This explanation is still valid for supplies in B2C and B2B relations. However, since 2010, it is questionable if the provision of Article 47 of the VAT Directive is useful in B2B relations, except possibly when supplies are being made to a business that owns the immovable property but is not established in the country where the immovable property is located. One unfortunate consequence of applying Article 47 of the Directive 2006/112/EC is that it results in tax authorities receiving less information than in cases where Article 44 applies, when suppliers are required to provide the name, VAT number of the customers and amount of taxable services in the recapitulative statement.

The CFE points out that since 1993, there has been no EU legal instrument that enables a tax authority to automatically obtain information about services connected with immovable property performed abroad or by a supplier established in another EU Member State. This is a source of major trade deflection within the internal market.

The CFE therefore suggests that the Commission should submit a proposal to the Council allowing national tax authorities to automatically trace services connected with immovable work that are performed by operators established in another EU Member State.

In addition, the CFE observes that the EU rules do not prevent Member States from imposing obligations or introducing national financial incentives to encourage consumers to make payment of bills through the banking system, as a way of helping to ensure that their suppliers are correctly accounting for VAT.