

# Evaluation of special VAT scheme for travel agents and tour operators

Fields marked with \* are mandatory.

1

## Introduction

---

The objective of the consultation is to obtain the **views of stakeholders on the functioning of the special VAT scheme for travel agents and tour operators**. The views will feed into the evaluation of this special VAT scheme.

When the Sixth VAT Directive (Council Directive 77/388/EEC) was adopted in 1977, a special scheme was introduced for travel agents and tour operators. This special VAT scheme, now set out in Articles 306 to 310 of the VAT Directive (Council Directive 2006/112/EC), was brought in due to the special nature of the industry. The services offered by travel agents and tour operators usually consist of a package of services, in particular transport and accommodation obtained from third parties. The package is then sold by the travel agent or tour operator, in their own name, to their customers. Those are circumstances where it is particularly difficult to apply the normal VAT rules on the place of taxation, the taxable amount and deduction of input tax due to the complexity and location of the services provided.

Under Article 307 of the VAT Directive, all transactions made by a travel agent or tour operator in respect of a journey are regarded as a single service. The taxable amount is the profit margin realised by the travel agent or tour operator on the supply of a travel package and hence the travel agent or tour operator is not entitled to deduct input VAT. The place of taxation for the travel agent's or tour operator's supply is where they have established their business or has a fixed establishment from which they provide the service or, failing this, the place where they have their permanent address or where they usually reside.

The special VAT scheme for travel agents and tour operators has two aims, namely:

(a) simplifying the application of EU VAT rules

- to avoid that a travel agent or tour operator has to register for VAT purposes and claim input VAT in each of the Member States where the services acquired by them are performed, and
- to avoid the complexity of taxing packages under the normal VAT rules;

(b) ensuring that VAT revenue accrues to the Member State in which final consumption of each individual component of the single supply takes place, so that VAT on services enjoyed in the course of the journey, such as hotels, restaurants or transport, goes to the Member State in which the traveller receives the service, whereas VAT on the travel agent's or tour operator's margin returns to the Member State where the travel agent or tour operator is established.

Important remarks concerning the scope of the special VAT scheme for travel agents and tour operators:

- The special VAT scheme does not apply to travel agents or tour operators where they act solely as intermediaries, who act in the name and on behalf of their customers.
- The special VAT scheme does not apply when travel agents or tour operators sell non-EU travel to their

customers.

It is also important to note that travel agents and tour operators cannot choose between the special scheme and normal VAT rules. In those cases where the special scheme must be applied, it applies irrespectively of the type of customer of the travel agent or tour operator.

## 2 About you

---

### \* 2.1 Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- Gaelic
- German
- Greek
- Hungarian
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

### \* 2.2 I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

\* 2.3 First name

\* 2.4 Surname

\* 2.5 Email (this won't be published)

\* 2.6 Scope

- International
- Local
- National
- Regional

\* 2.7 Organisation name

*255 character(s) maximum*

\* 2.8 Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

2.9 Transparency register number

*255 character(s) maximum*

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

\* 2.10 Country of origin

Please add your country of origin, or that of your organisation.

- |                                      |                                          |                                     |                                                        |
|--------------------------------------|------------------------------------------|-------------------------------------|--------------------------------------------------------|
| <input type="radio"/> Afghanistan    | <input type="radio"/> Djibouti           | <input type="radio"/> Libya         | <input type="radio"/> Saint Martin                     |
| <input type="radio"/> Åland Islands  | <input type="radio"/> Dominica           | <input type="radio"/> Liechtenstein | <input type="radio"/> Saint Pierre and Miquelon        |
| <input type="radio"/> Albania        | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania     | <input type="radio"/> Saint Vincent and the Grenadines |
| <input type="radio"/> Algeria        | <input type="radio"/> Ecuador            | <input type="radio"/> Luxembourg    | <input type="radio"/> Samoa                            |
| <input type="radio"/> American Samoa | <input type="radio"/> Egypt              | <input type="radio"/> Macau         | <input type="radio"/> San Marino                       |

- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar /Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo

- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Democratic Republic of the Congo
- Denmark
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

\* 2.11 Publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

**Anonymous**

Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

**Public**

Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

2.12 I agree with the [personal data protection provisions](#)

2.13 What is the main motivation for participating in this consultation?

*2000 character(s) maximum*

2.14 Do you provide travel services (which includes accommodation, transport, car hire, guided tours)?

- Yes, as a **travel agent and/or tour operator**
- Yes, **partially as travel agent and/or tour operator, partially as provider of my own services**
- Yes, as **provider of my own services** (which includes accommodation, transport, car hire, guided tours)
- No

2.15 Are you acting as ...

- only as intermediary
- mainly as intermediary
- in equal measure as intermediary and principal in my own name
- mainly as principal in my own name
- only as principal in my own name

2.16 Are your **customers** ...

- only taxable persons
- mainly taxable persons
- in equal measure taxable and non-taxable persons
- mainly non-taxable persons
- only non-taxable persons

2.17 Do **you operate** ...

- only online
- both online and via offline channels
- only via offline channels

## 2.18 Are your **supplies taxed** ...

- only under the special VAT scheme for travel agents and tour operators
- mainly under the special VAT scheme for travel agents and tour operators
- in equal measure under the the special VAT scheme for travel agents and tour operators, and under normal VAT rules
- mainly under normal VAT rules
- only under normal VAT rules

## 3 Evaluating the special VAT scheme for travel agents and tour operators

---

The questions in this consultation are linked to following evaluation criteria:

- **effectiveness**, i.e. the extent to which the special VAT scheme has been successful in achieving its objectives;
- **efficiency**, i.e. the costs and benefits associated with the special VAT scheme and whether they are proportionate;
- **relevance**, i.e. the extent to which the special VAT scheme (still) addresses (current) needs and problems;
- **coherence**, i.e. to what extent the elements of the special VAVT scheme work well together i) between themselves (i.e. internally) and ii) with the normal VAT rules.

### Effectiveness

3.1 Special rules often seek to address aspects not catered for under the normal rules.

Which **aspects of the special VAT scheme** for travel agents and tour operators do you consider as important?

- Only one VAT registration needed
- Simplified VAT declaration
- Simplified margin calculation (i.e. no need to recover input VAT)
- Treatment of a package as single supply
- No need to identify legal status of customer (taxable or non-taxable person)
- Other
- Do not know

3.2 Please indicate what **other type of simplification** due to the special VAT scheme you consider important:

*2000 character(s) maximum*

3.3 To what extent do you agree that the **special VAT scheme simplifies the application of VAT rules** for travel agents and tour operators:

- strongly agree

- agree
- neutral
- disagree
- strongly disagree
- do not know

### 3.4 Why do you disagree or disagree strongly?

*2000 character(s) maximum*

### 3.5 To what extent do you agree that the current rules of the special VAT scheme for travel agents and tour operators is **fit for purpose in the digital age**?

- strongly agree
- agree
- neutral
- disagree
- strongly disagree
- do not know

### 3.6 Could you give an explanation?

*2000 character(s) maximum*

## **Efficiency**

Evaluating efficiency requires the perspective of the internal market and that of businesses.

### 3.7 The special VAT scheme for travel agents and tour operators provides for simplified rules, but **does not allow deduction of input VAT**.

Concerning B2B supplies, what do you consider more important?

- Simplification
- Deduction of input VAT
- Do not know

### 3.8 The special VAT scheme for travel agents and tour operators provides for simplified rules, but as a result the **margin of a travel agent or tour operator must be taxed at the standard rate** of VAT, whereas accommodation and

transport services are often taxed at a reduced rate of VAT under the normal VAT rules.

Concerning B2C supplies, what is most important?

- Access to simplified rules
- Access to a reduced VAT rate
- Do not know

A special VAT scheme for travel agents and tour operators with simplified rules that apply only in specific circumstances can create complexity,

- if the scope of such a special scheme is not clear and

- if it is unclear in how far those normal VAT rules, from which the special scheme does not deviate, can be applied.

3.9 The provisions in the VAT Directive require travel agents and tour operators taxed under the special scheme to **calculate their margin for each transaction separately**. To what extent is such a requirement adding complexity to the simplified rules?

- to a large extent
- to a significant extent
- to a small extent
- not at all
- do not know

3.10 To what extent do you agree with the following statement:

**A separate margin calculation for each transaction** is detrimental to the industry, because negative margins cannot be offset against positive margins.

- strongly agree
- agree
- neutral
- disagree
- strongly disagree
- do not know

3.11 A special VAT scheme for travel agents and tour operators with simplified rules that apply only in specific circumstances can create complexity,

- if the scope of such a special scheme is not clear and

- if it is unclear in how far those normal VAT rules, from which the special scheme does not deviate, can be applied.

Do the rules of the special VAT scheme for travel agents and tour operators, as interpreted by the CJEU, **lack clarity**?

- Yes
- No
- Do not know

3.12 Could you give examples?

3.13 Do you know of **distortions of competition** due to differences in VAT treatment between competing travel agents and/or tour operators?

- Yes
- No
- Do not know

3.14 Which are the **reasons for a distorted competition**?

- The rules of the special VAT scheme for travel agents and tour operators as interpreted by the Court of Justice of the European Union (CJEU)
- Rules being implemented and applied differently by Member States
- Travel agents and tour operators located in third countries are not covered by the special scheme
- Other reasons
- Do not know

3.15 Please specify further the **reasons and give specific examples**:

*2000 character(s) maximum*

3.16 Please describe the **impact(s) of such distorted competition**:

*2000 character(s) maximum*

### **Relevance**

3.17 Since first put in place in 1977, how have the **needs of businesses evolved** with respect to the VAT rules?

*2000 character(s) maximum*

3.18 Do you agree that the special VAT scheme for travel agents and tour operators **still responds to those needs**?

- strongly agree
-

- agree
- neutral
- disagree
- strongly disagree
- do not know

### 3.19 Could you give an explanation?

*2000 character(s) maximum*

### 3.20 To what extent do you agree that the travel industry **continues to need** special VAT rules?

- strongly agree
- agree
- neutral
- disagree
- strongly disagree
- do not know

#### Coherence

3.21 Within the special VAT scheme for travel agents and tour operators, the margins are taxed in the Member State where the travel agent or tour operator is established.

Within the wider VAT system and considering the implementation of the One-Stop-Shop in 2021, services are to be taxed where the final consumption takes place.

In this specific context, to what extent do you consider the **special VAT scheme** for travel agents and tour operators is **coherent with the wider VAT system and its rules?**

- coherent to a large extent
- coherent
- neutral
- not coherent
- not coherent to a large extent
- do not know

3.22 Would there be a **need for amending the special VAT scheme** for travel agents and tour operators?

- Yes
- No
- Do not know

### 3.23 Please specify why, or the scope of the amendment needed.

*2000 character(s) maximum*

## 4 Further comments

---

### 4.1 You can add further comments or here or upload a file.

*2000 character(s) maximum*

### 4.2 Please upload your file

The maximum file size is 1 MB

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed