

## PRESS RELEASE

### Need to speed up the revision of the special VAT rules for travel agents

***The Commission's evaluation of the special VAT scheme for travel agents confirms that the VAT rules are not fit for the digital age. ECTAA calls on the Commission to speed up the process for the revision of the rules to safeguard the competitiveness of Europe's enterprises.***

Brussels, 19 February 2021. ECTAA welcomes the completion of the evaluation of the special VAT scheme for travel agents carried out by the European Commission. It has shown that while the special scheme has been efficient in meeting its objectives, which is simplification for enterprises and fair allocation of VAT revenue between Member States, there are a numerous shortcomings in the scheme:

- It is unfair – in relation to VAT treatment of non-EU operators – which puts at risk EU competitiveness and EU VAT revenue
- It is inefficient – in relation to the non-deductibility of input VAT for B2B travel agents
- It is outdated – in relation to the way travel services are sold online
- It does not ensure competitiveness – it puts travel agents at a competitive disadvantage compared to those supplying outside the scheme
- It lacks clarity and harmonisation – for example clear definition of travel services – which leads to double or non-taxation in certain circumstances.

ECTAA has been calling for the revision of the special VAT scheme for the last 20 years and was disappointed to see the failure of Member States to reach agreement on a proposal to revise the scheme, which led to its withdrawal by the Commission in 2014.

Said ECTAA President, Pawel Niewiadomski: "Time has come now to review the rules that date from 1977! The market for travel services has undergone huge transformations. The rules must reflect these changes to allow travel enterprises to operate on a level-playing field and provide certainty about the applicable rules, which are very diverse across the EU."

The evaluation report highlights that stakeholders request clearer, simpler and more harmonised rules for travel operators whilst keeping those flexible.

The report also acknowledges that tourism has been the worst affected of all major economic sectors by the outbreak of Covid-19. ECTAA agrees with the statement in the report that "A Commission action in the tax policy area to assist travel businesses and allow them to face the crisis seems therefore necessary and urgent."

## **About ECTAA**

ECTAA represents some 70,000 travel agents and tour operators in Europe, which provide consultancy and sell transport, accommodation, leisure and other tourism services as well as combined products to leisure and business customers.

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