



VAT in the Digital Age (ViDA)

VAT treatment of platform economy

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What does the proposal do?

- Introduces deemed supplier for short-term accommodation rental and passenger transport
- Clarifies treatment of short-term accommodation rental
- Simplifies rules for platforms

Deemed supplier 1

- Article 28a is the basis of the deemed supplier model.
- This says that where a platform facilitates passenger transport or short-term accommodation rental by certain suppliers (for example those using SME scheme) then it is deemed to have received and supplied the service itself.
- Therefore the supply is split into two – an exempt supply from the underlying provider to the platform, and a taxable supply from the platform to the consumer.
- This follows the model for e-commerce goods

Deemed supplier 2

- Further Articles concern how the deemed supplier model works, such as:
- Article 136(b) – the supply to the platform is exempt
- Article 172a – the deemed supply has no impact on the RoD of the platform
- Article 306 - Transactions which are deemed supplies cannot be part of the TOMS scheme

Deemed supplier 3

- NB – platforms are able to use the SME scheme. There is no threshold for the underlying supplier.
- The Implementing Regulation provides further detail, such as:
- Where the underlying supplier has a VAT number but the supply is exempt, they should not provide the VAT number to the platform.
- A definition of ‘facilitates’ which follows that for e-commerce

Deemed supplier and SME scheme

- Platforms, like any business, are allowed to use the SME scheme, if their turnover is below the limit.
- If they are using the scheme, they are still the deemed supplier, they simply do not charge VAT on the supply.
- Underlying providers (hosts/drivers) will also continue to be eligible to use the scheme, but any sales via a platform will have VAT on them, charged and collected by the platform.
- The deemed supplier regime does not mean that hosts/drivers lose the ability to use the SME scheme.

Other amendments

- Facilitation service
- The facilitation service should follow the place of supply rules of the underlying supply (Article 46a)
- Short term accommodation rental
- Uninterrupted rental of accommodation for a maximum of 45 days is considered to be similar in nature to the hotel sector.
- So the exemption in 135(1)(I) for the leasing and letting of immovable property does not apply.

Thank you



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