

## Indirect Tax I VAT

### Alert 5 November 2024

## ViDA – Platform Economy

### *Reading guide*

This alert is part of a collection of four alerts regarding the upcoming changes in the VAT regulations as part of the VAT in the Digital Age package. For our other alerts, please visit our [ViDA landing page](#):

- **ViDA intro:** Overview of the pillars of the proposal and key timelines.
- **Pillar 1 – Digital reporting.**
- **Pillar 2 – Platform economy (this alert)**
- **Pillar 3 – Single VAT registration.**

The agreed-upon changes and timelines are highlighted with a black background. Additional reading, including changes compared with the proposals, is presented in a grey background.

### *What is it?*

The platform economy pillar is one of the pillars of the ViDA package. Political agreement has been reached on the [October 2024 text](#) during ECOFIN on 5 November 2024. The platform economy pillar aims to broaden the scope of the deemed supplier rules of platforms and to address difficulties in the application of the VAT rules regarding small businesses.

## Platform economy

### *What is it?*

The platform economy pillar seeks to shift the VAT liability to platforms and to increase the level playing field between the online and traditional business models. This includes the following measures:

### *Deeming provision accommodation and transport sector*

- Under a deeming provision in VAT a platform is deemed to have purchased and subsequently supplied the underlying goods or services. Effectively, this makes the platform liable for the payment of VAT on the transaction to the customer.

- The extension of the deeming provision in VAT will include platforms in the short-term rental of accommodation (maximum 30 nights) and passenger transport services by road between two points in the EU unless the (original) supplier had provided a VAT number and declared that it will charge VAT due on the supply (that is, the rules will be applicable to companies applying the VAT exemption for SMEs). In summary, no VAT is to be charged on the underlying service supplied by the supplier to the platform. The platform will be required to charge and collect the VAT from the customer.
- The short-term rental of accommodation will be taxed under criteria, conditions and limitations set by the EU Member States. These criteria, conditions and limitations must be communicated to the VAT committee before 1 July 2028. The European Commission will publish a list of the criteria, conditions and limitations set by EU Member States by 31 December 2028.
- EU Member States may temporarily opt out (up to 2030) for a period of 10 years to suppliers using the new 2025 special scheme for small and medium enterprises (SME). The EU Member States have to inform the VAT Committee if they want to exercise this option. The European Commission will publish a list of the EU Member States that have exercised this option.
- The deemed supply from the supplier to the platform will be VAT exempt without a VAT recovery entitlement. The subsequent supply to the customer will be taxed, unless an exemption applies in the EU Member States where VAT is due.
- The deeming supply rule does not apply if the underlying supplier provides the platform with a VAT identification number of the Member State where VAT is due or OSS identification number if it uses the OSS to report the VAT on those supplies.
- The special scheme for tour operators ("TOMS") cannot be applied if a platform is a deemed supplier. On the other hand, if a taxable person qualifies as a travel agent under the TOMS, it will not be subject to the deemed supplier rules.
- Deemed supplier model for supply of goods by taxable persons established outside the EU is only changed slightly to include supplies to taxable persons whose intra-Community acquisitions are not subject to VAT.

#### *Place of supply of facilitation services*

- The facilitation service provided by the platform to a non-taxable person will be VAT taxable at the place of the underlying service. The VAT on this service will not be recoverable by the non-VAT taxable person.
- Platforms that are not covered by the deemed supplier model but do facilitate short-term rental of accommodation, will be obliged to keep records of B2B and B2C services for 10 years from the end of the year during which the transaction was carried out.

### *What are the key changes to the December 2022 proposal?*

- The definition of short-term rental has changed from 45 days to 30 nights, with EU Member States having the flexibility to include criteria, conditions and limitations for short-term rental.
- Passenger transport is limited to passenger transport by road.
- The December 2022 proposal also included deemed supplier rules from transfers of own goods via platforms. This has been excluded. Platforms should instead inform the owner in case of such transfers. The owner should report the transfers (though can do so via the TOOG OSS as addressed hereinafter).
- It is clarified that VAT exempt supplies to platforms are to be included in the small and medium-sized enterprises (SME) threshold.
- A new addition is that European Commission may request automatic access to the records supplied by platforms to their tax authorities.

## Timeline

### *What is the envisaged timeline?*

The key dates are as follows:

- **1 July 2028:** Implementation of updated platform rules for short-term accommodation (maximum 30 nights) and passenger transport and related rules mentioned above. Option for EU Member States to exclude platform rule for services by SMEs.
- **1 January 2030:** EU Member States no longer have the option to exclude platform rule for services by SMEs.

Spain has indicated that it will seek an approval to apply the exceptions before 1 July 2028.

## What's next?

Now that the Council has reached a general approach on the ViDA package, the European Parliament has to be reconsulted on the text of the proposal in view of the substantial differences between the Commission proposal of December 2022 and the latest Presidency compromise text of October 2024. Considering that the earlier feedback from the European Parliament to a large extent has been processed in the updated proposal and the fact that the second consultation will be a simplified procedure, we do not expect any changes to the proposal. The agreed proposal will then go through a legal linguistic check and the directive will then need to be formally adopted by the Council before being published in the EU's Official Journal and enter into force.

## Conclusion / How we can help

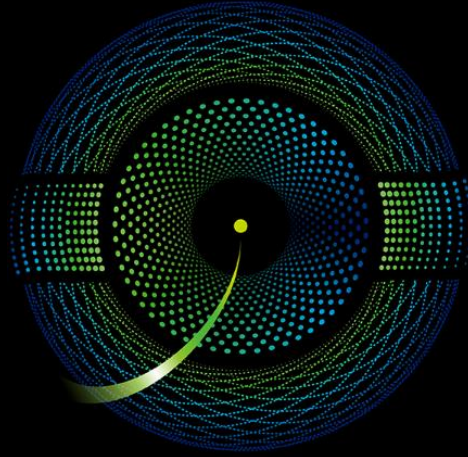
The updated rules will have significant commercial impact on businesses. The VAT liability and administrative burden of platforms and suppliers in the short-term rental of accommodation and passenger transport services will be increased. Business models may have to be re-assessed. If you have any questions concerning the items in this alert, please contact your usual VAT advisors or the Deloitte contacts below.

Get in touch with our experts below or find more on our VAT services via [deloitte.nl](https://deloitte.nl).

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