



Federation of European Accountants
Fédération des Experts comptables Européens

FEE Tax Day

Simple, fair, coordinated –
tax Utopia in the EU?

1 October 2009

Standing for trust and integrity



Indirect Tax: Can it be fair and simple?

Business Perspective

Chris Needham, GE

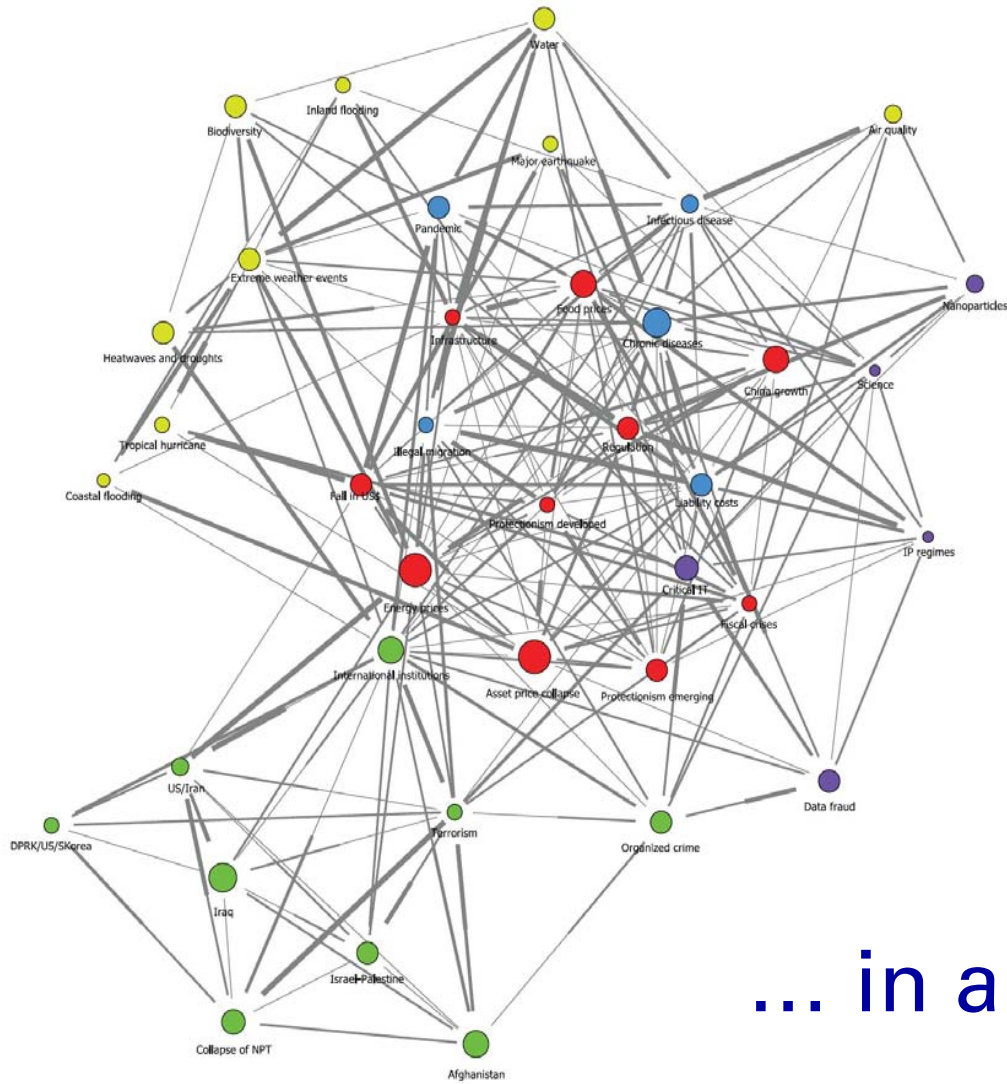


Simple?

... a "simple" tax



Simple?



... in a complex world!

Subsidiarity \neq Simplicity

Unanimity \neq Simplicity



However, some Common Standards would

help:

e.g. a common XBRL protocol for all on-line

filings



Fair?

Can VAT be fair?

WRONG QUESTION

Is VAT being “fairly”
administered?

Fair?



Business is the
key partner for a
Tax Authority ...

... not to be
confused with
...



“Taxpayer’s have no rights
..... only
obligations”

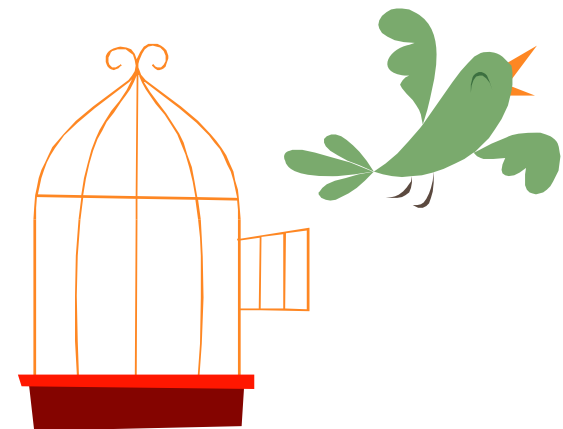


What about European Principles?

e.g.

Neutrality

Proportionality, etc





It's Quiz Time!



Q1. Is it “proportionate” that certain Member States are “unjustly enriched”

.... by applying interest at all when there is no VAT loss to the exchequer?





Unjust Enrichment

Q2. Is it “proportionate” that certain Member States are “unjustly enriched”

.... by applying interest rates well above commercial levels?



Q3. Is it “proportionate” that certain Member States apply penalties (5% - 200%)

.... to fully taxable businesses that forget to apply the VAT reverse charge ?

....



Q4. Is it “acceptable” that many Member States

.... refuse to provide binding rulings to taxpayers, thus creating uncertainty and risk ?





Fair?

Proposal for a Council Regulation on administrative co-
operation and combating fraud in the field of VAT : COM
(2009) 427 final

*“The new provisions do not go beyond what is necessary .. for the
purpose of combating cross-border VAT fraud.”*

BUT it actually proposes:

*“The scope of multilateral controls should be extended with regard to
both legitimate and fraudulent business.”*

***WHY? What further burdens will this impose? Surely contrary to
original Fiscalis principles! Why not deal with legitimate businesses
in a partnership frame-work instead?***

Q5. Is criminal VAT fraud best dealt with by....

higher penalties for all,
onerous reporting
obligations for all,
increased joint and several
liability?

Or,
improved intelligence, better tax
inspector training, ranking
businesses for risk, targeted
visits?



Fair?

o/tax

2. Hire Purchase

i/tax



Co A



Co B

i/tax

1. Sale

o/tax





Fair?

Finance

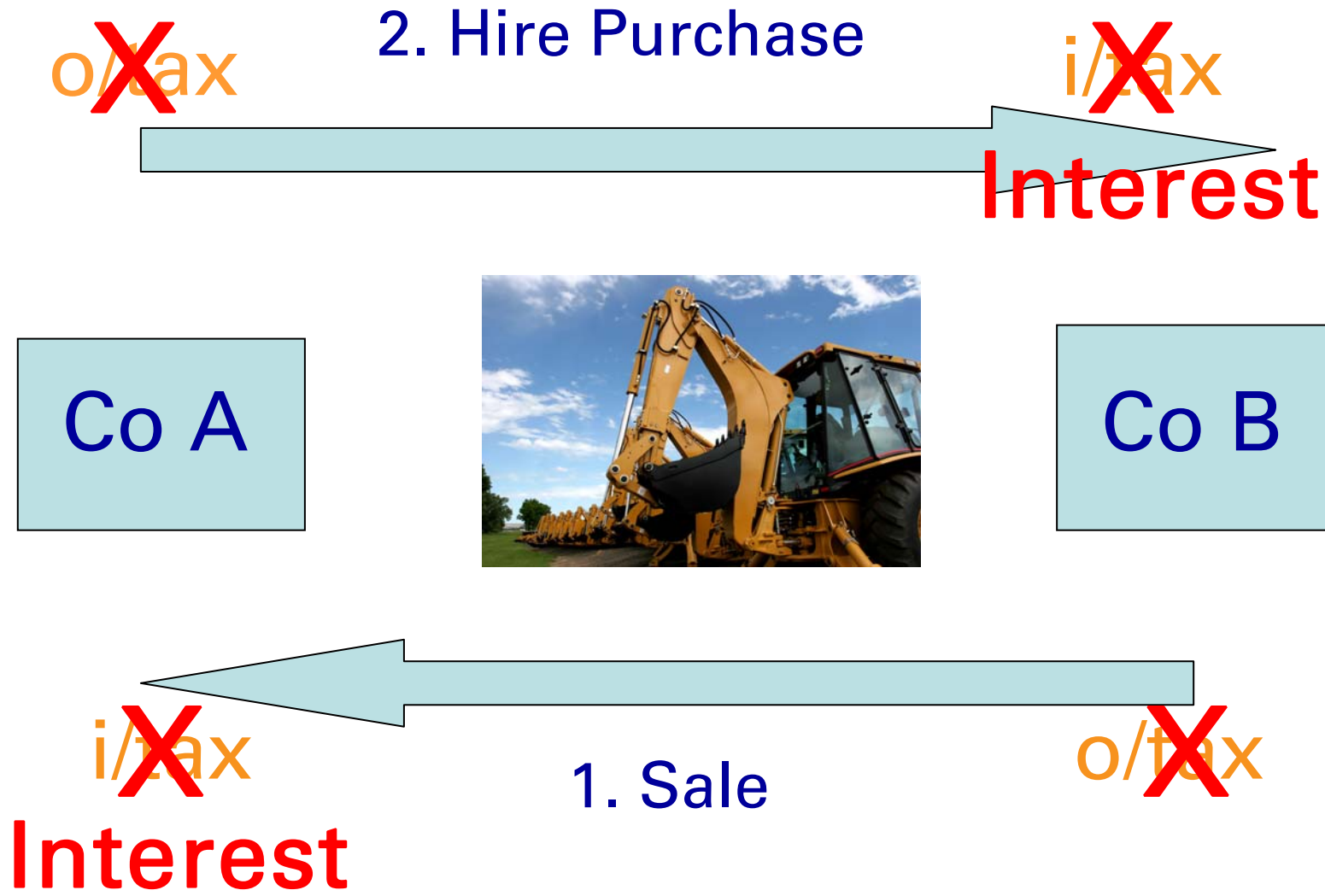


Co A



Co B

Fair?





Fair?

OECD Communique – Lucerne Conference 9/9/09

“We also encourage Tax Administrations to ensure that penalties for genuine mistakes made by business have regards to the net amount of revenue lost.”

<http://www.oecd.org/dataoecd/19/12/43669264.pdf>



Why aren't
infringement cases
being taken against
these practices?



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