Online VAT taxation: a solution in search of problems
Joan Hortalà i Vallvé
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The new rules approved by European institutions must be analysed from two different points of view: the EU's versus the rest of the World's and within the EU itself.

As far as the relations between European companies and non-residents in the EU are concerned, the measure seems very appropriate. Thanks to it, when an Argentinean or a Japanese person downloads software from the web of a Dutch company he/she won't have to pay VAT, something which happens (or should happen) at present.

However, the rule expects that when a company from Ohio charges an EU consumer for the download of a digital photograph, it adds to the price a VAT amount which will be deposited in some European revenue service. Do they really believe that the mentioned company will charge it? What's more, in the case the company charges VAT on the sale, do you think it will be lodged in the revenue service? If the company doesn't do it, who will compel it to do so, the Internal Revenue Service (IRS) maybe? It is not very likely that the US Treasury will be very interested in levying a tax that harms American companies and later to lodge it in the coffers of a European country.

Lastly, in Europe the norm implies that downloaded services from the Net pay tax applied at the point of origin. For instance, a French consumer who downloads the same service from his home will pay 25% VAT if he does so from a Danish website while it will only be 16% if he does it from a Spanish site. If the website is in the US, it will probably be 0%. Where is the neutrality in indirect taxation in the same place of consumption defended by the Sixteenth Directive?

Summarizing, the European industry's competitiveness is improved in non-EU markets, making fiscality equal, not better, for the rest of the world's industries. On the other hand, in our market, the result is chaos and there is a clear winner: companies outside the EU who nobody will be able to force them to charge VAT when selling to end users.