

Improving the Situation of EU Citizens as Taxpayers for Direct and Indirect Tax

Fields marked with * are mandatory.

Introduction

1. What is the aim of this public consultation ?

In its [Action Plan for Fair and Simple Taxation Supporting the Recovery Strategy](#) the Commission announced for 2021 a Communication taking stock of taxpayers' existing rights under EU law together with a Recommendation to Member States to improve the situation of tax payers and to simplify tax obligations.

This public consultation is designed to collect information on direct tax (mainly Personal Income Tax) and certain indirect tax (VAT) related problems that citizens currently face when they exercise their freedoms for cross-border activities. This could be the case if, for example, they work or buy property in, or move to, EU Member States other than their country of residence .

Thank you for taking the time to complete this survey. We value the information you provide. The results will feed into the Recommendation which is scheduled for the 3rd quarter of 2021.

2. Who is being consulted ?

All stakeholders are invited to provide their views. This includes citizens, national tax administrations, intergovernmental, non-governmental and business organizations, tax practitioners and academics.

3. Background

The Recommendation is part of the Action Plan for Fair and Simple Taxation Supporting the Recovery Strategy. It will aim at facilitating the implementation of taxpayers' rights and simplify their obligations. Raising awareness for taxpayers' rights will improve legal certainty. The Recommendation will further aim at enhancing the relationship between taxpayers and tax administrations. A good relationship between taxpayers and tax administrations is mutually efficient, since it eases the collection of taxes for tax administrations and facilitates

compliance with the applicable rules for taxpayers. For instance, better use of technological developments could result in a simpler, more effective and easier collection of taxes, also in cross-border situations, while achieving social fairness.

Individuals undertaking cross-border activities within the EU are often confronted with different / additional tax issues compared to individuals who are active only within a single EU Member State. The Commission already addressed the issue of taxation of citizens several times, for example by the Communication on [“Removing cross-border tax obstacles for EU citizens”](#), the [Commission Recommendation of 15 December 2011 regarding relief for double taxation of inheritances](#), and the reports of the expert groups on [“Ways to tackle inheritance cross-border tax obstacles facing individuals within the EU”](#) and [“Ways to tackle cross-border tax obstacles facing individuals within the EU”](#), published in 2016. National courts, infringement procedures initiated by the European Commission and in particular the jurisprudence of the Court of Justice of the European Union have eliminated national rules that were not in conformity with the EU Treaties. The cooperation between the tax administrations is much closer than a decade ago, thanks to the adoption of the Directives for Administrative Cooperation (DAC). Still, citizens continue to inform the Commission on issues as, for example, complex administrative procedures, language barriers or Member States interpreting tax treaties differently.

Although EU rules on VAT are broadly harmonized, it seems that the financial situation of taxable persons, in particular of small and medium sized enterprises (SMEs) could be improved. Cash flow problems of SMEs could be alleviated by quicker and easier VAT refunds, both in domestic and cross-border contexts. Access to, and clear rules on, the possibility to claim VAT relief on bad debts, as well as a more frequent use of the cash accounting scheme could also help to alleviate cash-flow problems of taxable persons. Finally, a good dialogue between the taxpayer and the tax administration could help taxpayers, but also tax administrations. Tax administration could gather information without necessarily having to do an audit. Taxpayers could benefit from the assistance of tax administrations in case of doubts on procedures.

The purpose of this public consultation is to collect information on current problems and identify best practices to remedy these problems.

About you

* 1 Language of my contribution

- Bulgarian
- Croatian
- Czech

- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* 2 I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* 3 First name

STEFAN

* 4 Surname

VOICU

* 5 Email (this won't be published)

voicu@betterfinance.eu

* 7 Organisation name

255 character(s) maximum

BETTER FINANCE - the European Federation of Investors and Financial Services Users

* 8 Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

9 Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

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* 10 Country of origin

Please add your country of origin, or that of your organisation.

- | | | | |
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| <input type="radio"/> Åland Islands | <input type="radio"/> Dominica | <input type="radio"/> Liechtenstein | <input type="radio"/> Saint Pierre and Miquelon |
| <input type="radio"/> Albania | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania | <input type="radio"/> Saint Vincent and the Grenadines |
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- Andorra
- Angola
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- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
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- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar /Burma
- Namibia
- Nauru
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland

- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria

- Burkina Faso
- Burundi

- Cambodia

- Cameroon

- Canada
- Cape Verde
- Cayman Islands

- Central African Republic
- Chad
- Chile
- China

- Christmas Island
- Clipperton

- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau

- Guyana

- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong

- Hungary

- Iceland

- India
- Indonesia
- Iran

- Iraq

- Ireland
- Isle of Man
- Israel

- Italy

- Jamaica

- Nepal

- Netherlands
- New Caledonia
- New Zealand
- Nicaragua

- Niger

- Nigeria
- Niue

- Norfolk Island
- Northern Mariana Islands
- North Korea

- North Macedonia
- Norway
- Oman
- Pakistan

- Palau

- Palestine
- Panama
- Papua New Guinea
- Paraguay

- Peru

- Syria

- Taiwan
- Tajikistan
- Tanzania
- Thailand

- The Gambia

- Timor-Leste
- Togo

- Tokelau
- Tonga

- Trinidad and Tobago
- Tunisia

- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu

- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States

- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
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- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

* 11 Publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only your contribution, country of origin and the respondent type profile that you selected will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

Public

Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

I agree with the [personal data protection provisions](#)

Direct tax

Eliminating double taxation in cross-border situations

12 Do you have cross-border activities or cross-border income in or from another Member State as:

- Frontier Worker - any person pursuing an activity as an employed or self-employed person in a Member State and who resides in another Member State to which he/she returns as a rule daily or at least once a week.
- Mobile Worker - someone who works in more than one place or travels as part of their job, i.e. drivers, managers or consultants with several employers in various Member States
- Posted Worker - A worker who, for a limited period, carries out his work in the territory of an EU Member State other than the State in which they normally work.
- Cross-border Worker - if none of the above apply
- Professional
- Self-employed owner with an establishment in another Member State
- Investor, e.g. in real estate or in securities
- Owner of a holiday house
- Inactive persons, including pensioners, residing in a Member State other than the one where the income/pension fully or partly is provided.
- No cross-border activities
- Any other

13 Have you ever been effectively taxed twice by two Member States on your cross-border activities within the Single Market ?

- Yes
- No
- I don't know

14 Was there a Double Taxation Convention in force between the Member States involved ?

- Yes

- No
- I don't know

15 If yes, please mention the Member States ?

60 character(s) maximum

Denmark, Germany, France, Belgium, Finland, Iceland

16 Please indicate which were the reasons for the double taxation:

- Limitations of imputation of tax credit
- Withholding tax relief procedures
- State of residence did not accept certificates from source state
- Conflicts on tax residence
- Divergent taxation of pensions in more than one Member State
- The lack of cross-border loss relief
- Double taxation in the area of Inheritance taxes
- Any other issue ? please explain here after

17 Please give any other relevant details about the cross-border double taxation case and the way it arose.

2500 character(s) maximum

18 Have you sought any remedies to eliminate the cross-border double taxation ?

- Yes
- No
- I do not know

19 If yes, please specify what action you took to eliminate the double taxation:

- An appeal to the tax authorities in the state of source
- An appeal to the tax authorities in the state of residence
- An appeal to a court in the state of source
- An appeal to a court in the state of residence
- An initiation of a mutual agreement procedure under a Double Taxation Convention.
- Submitted case to SOLVIT
- Other, please explain

21 Who assisted you with the remedy?

- Myself without any further help
- A lawyer / tax consultant
- Other

22 What were the cost in EUR for the remedy, e.g. consultancy fees?

500 character(s) maximum

24 Would one or several of the following issues have helped to solve your problem ?

- Standard and uniform certificates available in all official languages
- A better cooperation between the tax administrations of Member States.
- Only one Member State in charge of dealing with the tax ("one stop shop").
- A contact point of the respective Member States involved, e.g. a country desk at the Ministries ?
- A European Ombudsman in case tax administrations do not find a conclusive solution
- A common, standardised, EU-wide system for withholding tax relief at source?
- Any other suggestion

25 Please explain any other suggestion

2500 character(s) maximum

BETTER FINANCE member organisations (representing individual, non-professional investors) have indicated that there would not necessarily be a need for costly involvement of intermediaries, the issue can be solved with standardised deadlines and required documentation.

Eliminating cross-border tax obstacles

27 Did you experience shortcomings - other than effective double taxation - such as:

- The need to submit two tax declarations
- The need to submit a certificate of residence

- Problems related to language barriers, such as non-acceptance of certificates because they were not drafted in the official language or the necessary data was not reproduced in the standard domestic way.
- Late withholding tax refunds
- Paper-based withholding tax refund procedures
- Rejection of foreign certificates for deduction of insurance premiums, donations or the like
- Any other administrative burden. Please explain:

28 Please give further explanations for administrative burdens:

2500 character(s) maximum

These answers are based on the input of BETTER FINANCE members, who indicated different answers based on their experience. However, all the shortcomings listed in Question 27 were experienced (in different combinations) by individual, non-professional savers represented by BETTER FINANCE members. In addition, BETTER FINANCE indicated the requirement to process the declaration to reclaim the tax withheld through the intermediaries' chain (eg. France requires this) which involves high costs and makes it practically impossible for small investors to reclaim double-taxed money back (e.g. France requires that the French intermediary "paying agent" confirms the payment to the foreign shareholder). The French intermediary however generally rejects this confirmation because "he does not know the shareholder" as a result of the omnibus account system. The French State on the other hand does not accept a confirmation from the foreign investor's deposit bank. In Belgium, the process on inheritance tax on real estate in another EU Member State is very burdensome: all in paper, it de facto requires to hire and pay notaries in both Member States given the complexity of the process, of the documents requested, and of the big differences of tax rules and procedures, as well as it demands immediate payment of tax-amount (not waiting for the other Member States' taxation), demands a lot of documents to prove payment in the other Member State, then asks to fill another declaration to ask for offsetting the foreign tax already paid (but requires the individual to fill the form only two years after the beginning of the process). In the end the taxpayer - despite the wording of the bilateral tax treaty - ends up paying more than if the property was in the same Member State. The process can take 3 years or more, and cost even - due to notaries' and lawyers' fees - than the taxes paid. It is a clear violation of the Treaty of Rome. Some banks can help the individual investor (e.g. shareholder) to avoid double taxation, but it proves too costly (due to administrative fees), especially for small positions.

29 Do you consider that your problems might have been solved by one of the following solutions:

- A better cooperation between the tax administrations involved
- The possibility to file only one single tax declaration, possibly with a compensation payment to be agreed by the 2 tax administrations?
- Pre-filled tax declarations
- Uniform, standardised and multilingual certificates for tax residency, withholding taxes, donations, social security contributions, pension payments and tax deductible savings payments.

- Soften the conditions for being treated as a resident taxpayer, provided your State of residence cannot take into account your personal situation
- Any other ?

30 Please explain any other:

2500 character(s) maximum

In addition, BETTER FINANCE members indicated that we (the EU) require far better cooperation between the responsible or competent national authorities in EU Member States and the effective implementation of old promised tax agreements/conventions, while others highlighted the solution to apply automatically lower withholding taxes by the banks based on a single tax certification to be submitted to the investor's bank.

31 Are you working in another country than you live and your employer offers the possibility to telework?

- Yes
- No

36 Are there any tax repercussions which make teleworking more difficult? Please explain:

2500 character(s) maximum

Any other issue ?

38 Is there any other issue you would like to bring to the attention of the Commission services ?

2500 character(s) maximum

BETTER FINANCE's member organisations' members (as individual, non-professional investors and pension savers) experienced on many instances issues related to taxation due to the cross-border nature of their investments. Our members receive daily questions from investors on these issues and, in our view, the best solution would be the introduction of an obligatory relief at source through exemption procedure – some Member States already provide for this, e.g. France, but by far not all of them. As a consequence, investors have to double pay taxes and undergo a burdensome refund procedure which, in many cases and especially for private investors, is not successful because either the costs charged by banks/intermediaries (such as notaries, lawyers) are too high, either banks are not offering any support or the documentation requirements are complex. In addition, since the voluntary Code of Best Practice has been enacted, some Member States have changed to a purely online system which many of our members, especially the elderly, have problems to deal with. Worse, since the change to these online systems, the refund procedures are even more delayed than they were before. For example in Denmark, investors wait up to 4 years to receive their refund, in Italy (paper-based system, though) investors can wait up to 30 years. The Financial Services Users Group has, many years ago, provided a reply to a similar consultation by the European Commission. Nevertheless, nothing has changed for the better since then, rather the contrary.

In our view, the questions seem to suggest that the European Commission is steering into a wrong direction again, trying to solve the problem through better cooperation between the tax administrations in EU Member States. Although any progress would be welcomed, including better cooperation between tax authorities, this way forward is not an optimal solution - the Code has shown that voluntary adhesion is far to be reached from many EU Member States.

Many members highlight that they no longer invest or wish to invest in shares of companies domiciled in certain Member States because of the complexity, deadlines, and costs of these procedures.

An example of good practice is the procedure foreseen from the US, that is providing a tax residence certificate (W8BEN) which is done automatically by the deposit bank, and through which the tax is reduced to 15%.

39 Please upload your file

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

VAT

VAT refund in a domestic context

40 In which Member State are you established?

41 Do you regularly experience excess input VAT (the VAT on purchases exceeds the VAT on sales in a given period)?

- Yes.
 No.

42 What is your approach in case of excess input VAT?

- I request the refund of VAT.
- I request the carry-forward of the VAT as credit.

45 How long do you usually wait for a VAT refund?

- 1 month or less
- 2 months
- 3 months
- 4 months
- 5 months
- 6 months or longer

49 What would be a reasonable timeframe for you for VAT refund in a domestic context?

- Less than 3 months.
- Between 3 and 6 months.
- Between 6 and 12 months.
- More than 12 months.
- Other.

51 How did you cope while waiting for the VAT refund?

- No problem.
- I had to look for financial assistance.

52 Did you encounter any difficulty while applying for a domestic VAT refund?

- Yes.
- No.

VAT refund in a cross-border context

55 Did you encounter any problem while applying for VAT refund from another Member State?

- Yes.
- No.

58 How long did you have to wait for the VAT refund in a cross-border situation after you submitted the application for VAT refund?

- 1 month or less
- 2 months
- 3 months
- 4 months
- 5 months
- 6 months or longer

59 How did you cope while waiting for the VAT refund?

- No problem.

- I had to look for financial assistance.

60 How quickly should VAT be refunded in a cross-border context?

- Less than 2 months.
- Between 2 and 4 months.
- Other.

62 Have you sought any remedies to tackle your problems in VAT refunds?

- Yes.
- No.
- I do not know.

Claiming VAT relief on bad debts

If a taxable person makes supplies to a customer but he is not paid, he may be able to claim relief from VAT on bad debts he has incurred.

65 How often do you claim VAT relief on bad debts per year?

66 What is the average amount of your bad debts?

Only values between 1 and 1000000 are allowed

 EUR

67 Is the procedure for claiming VAT relief on bad debts in your Member State sufficiently clear?

- Yes.
- No.

68 What are the constraints? Please explain

2500 character(s) maximum

69 Please describe the conditions/requirements in your Member State in order to obtain VAT relief on bad debts.

1500 character(s) maximum

70 What kind of information do you need in order to claim VAT relief on bad debts?

What can be improved?

1500 character(s) maximum

71 Do you always claim VAT relief on bad debt?

- Yes.
- Yes, if the amount of the bad debt is sufficiently high.
- No, the relief is not worth the effort.
- No, the procedure is too long.
- No, for other reasons.

73 In average, how long do you have to wait before getting VAT relief on bad debts?

- Less than 3 months.
- Between 3 and 6 months.
- Between 6 and 12 months.
- More than 12 months.
- Other.

Cash accounting scheme

As a general principle the VAT becomes chargeable when the supply of goods or services takes place. The VAT Directive provides for a number of derogations to this principle. One of the optional derogations consists in the 'cash accounting scheme', a regime for which the VAT becomes chargeable upon receiving the payment for the transaction, rather than upon the supply taking place or the invoice being issued.

75 Is cash accounting available in your Member State?

- Yes.
- No.

78 What is your area of business?

1500 character(s) maximum

79 What is the annual turnover of your business?

- Less than EUR 500 000.
- Between EUR 500 000 and EUR 1 million.

- Between EUR 1 million and EUR 2 million.

80 What kind of customers do you have?

- Final consumers.
- Taxable persons.
- Public authorities.

81 Has the pandemic hit you?

- No.
- Yes, my business lost many customers.
- Yes, many of the customers went bankrupt.
- Yes, my business experiences financial difficulties because clients do not pay.
- Yes, because clients are deferring payments.

82 To what extent do you agree that the cash accounting is advantageous?

- Agree.
- Not sure.
- Disagree.

83 To what extent do you agree that the cash accounting is necessary in period of crisis?

- Agree.
- Not sure.
- Disagree.

Dialogue between the taxpayer and the tax administration

84 Do you have any online contact with your tax administration?

- Yes.
- No.

85 When you are uncertain about the correct application of tax law, do you refer to your tax administration?

- Yes.
- No.

86 Do you feel well informed by your tax administration?

- Yes.
- No.

87 Is there an established procedure to get in contact with the tax administration?

- Yes.
- No.

88 This procedure is:

- rather rigid/inflexible
- rather flexible.

89 Please explain what could be improved in relation to the dialogue between the tax payer and the tax administration.

1500 character(s) maximum

BETTER FINANCE Members indicated that the tax administration should be required to issue a certificate of taxation that can be submitted in advance to a financial intermediary, as well as a uniform withholding tax system (libératoire) on dividends paid in the EU, simpler tax rules and shortening the deadlines for solving disputes.

90 What would you expect in exchange? Please explain:

91 Did you ever make a mistake while applying VAT in another Member State?

- Yes.
- No.

Any other issue ?

95 Is there any issue you would like to bring to the attention of the Commission services ?

2500 character(s) maximum

[Contact Form](#)