



European VAT and the Sharing Economy

By **Giorgio Beretta**

Overview

A breadth of new digital platforms has dramatically expanded the range of possibilities for exchanging anything required by business or personal needs from accommodation to rides. In the virtual marketplaces shaped and ruled by these novel matchmakers, rather than by a single centralized entity, value is created through the granular interaction of many dispersed individuals. By allowing instantaneous and smooth interaction among millions of individuals, platforms have indeed pushed the digital frontier farther and farther, so as to include within it even services once not capable of direct delivery from a remote location such as accommodation and passenger transport.

Legal disruption is also underway with foundational dichotomous categories, such as those between suppliers and customers, business and private spheres, employees and self-employed, no longer viable as organizational legal structures. This is the essential background of the first book to relate what is synthetically captured under the umbrella definition of 'sharing economy' to key features at the core of European Value Added Tax (EU VAT) and to look at the feasibility of a reformed EU VAT system capable of addressing the main challenges posed by these new models of production, distribution and consumption of goods and services.

Specifically, the study analyses five legal propositions underpinning the current EU VAT system as the following:

- taxable persons;
- taxable transactions;
- composite supplies;
- place of supply rules; and
- liability regimes for collection and remittance of VAT.

Exploration of these five legal propositions is meant to assess the practical feasibility of shoehorning the main sharing economy business models – notably, those available in the accommodation and passenger transport sectors – into the framework of existing EU VAT provisions. The author further draws on the normative standards of equality, neutrality, simplicity, flexibility and proportionality to test the 'reflexes' of the current EU VAT system in the sharing economy domain. Opportunities for reform of the current EU VAT system are in turn evaluated with each chapter including cogent proposals in the form of incremental and targeted amendments to the current EU VAT provisions.

As the first comprehensive analysis of the treatment of the sharing economy for VAT purposes, the book provides not only a theoretical framework for future studies in the tax field but also indispensable practical guidance for VAT specialists confronting daily with the many challenges ushered in by the sharing economy. Moreover, the various solutions and recommendations advanced in the book offer valuable insights to international and national policymakers dealing with similar issues under other VAT systems.

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