

[TAXUD\\_VAT-greenpaper@ec.europa.eu](mailto:TAXUD_VAT-greenpaper@ec.europa.eu)

European Commission  
Directorate General of Taxation & Customs Union  
VAT  
Rue Joseph II 79, Office J79 05/093  
1049 Brussels  
Belgium

Levallois-Perret, 10 June 2011

## **Contribution to the VAT Green Paper**

### **Impact of new VAT regulations on EU trade fairs**

#### **UFI – The Global Association of the Exhibition Industry**

UFI is the global association of the exhibition industry which brings together the world's leading tradeshow organisers and fairground owners, as well as the major national and international exhibition associations, and selected partners of the exhibition industry. With over 550 member organisations in 84 countries, UFI's global reach supports the business objectives of its members by providing unique value through promotion, information and networking. UFI members are responsible for organizing 4,500 events worldwide annually.

In Europe, UFI represents 285 leading companies in our industry. Via its EU Subcommittee, UFI represents all aspects of the exhibition industry with members in 24 of the 27 EU countries. For many companies based outside Europe, exhibitions are an effective means of making contact with EU countries for buying EU-manufactured products and services and selling to EU companies. Within EU countries exhibitions serve as business and employment boosters and generate significant regional economic benefits.

Since the exhibition business is truly international, with both exhibitors and visitors participating in events from many countries, this industry is strongly influenced by the new EU VAT regulations for services which have been effective since January 2011.

UFI has conducted an international survey regarding the implementation of the new rules and has received answers from 15 different EU countries on this subject. These answers serve as a basis for UFI's contribution to the Green Paper.

**Question 1: Do you think that the current VAT arrangements for intra-EU trade are suitable enough for the single market or are they an obstacle to maximising its benefits?**

In principle the reversed charge procedure is preferable to the former solution where the national VAT had to be invoiced. However, in order to maximise the benefits of a single market the VAT rules need:

- a) To be applied throughout all member states in the same way,
- b) To minimize the administrative burden for the companies,
- c) To allow companies to treat EU and non-EU business partners in the same way instead of adding additional, complex administrative procedures.

**Question 2: If the latter, what would you consider the most suitable VAT arrangements for intra-EU supplies? In particular, do you think that taxation in the Member State of origin is still a relevant and achievable objective?**

Considering exhibitions / trade shows as service packages and allowing the use of the reversed charge procedure seems in principle to be the favourable solution.

However, the level of complexity has dramatically risen due to differences in the interpretation of the new VAT rules across various EU countries. Some countries benefit more from the new VAT regulations than others and non-EU companies in particular are now being treated differently to their EU counterparts.

The main differences are caused by the decision of the national governments on whether they regard exhibitions as b-2-b-service packages or simply as renting space (linked to an immovable property). Depending on this assessment, in some countries exhibition organizers are obliged to charge the local VAT and in others the reversed charge procedure is applied.

Last but not least, we would like to raise the awareness that the exhibition industry is a truly global industry. Consequently, a large number of organizers of international exhibitions in the EU have to deal with a mixture of EU and non-EU b-2-b customers.

**Question 11: What are the main problems with the current VAT rules for international services, in terms of competition and tax neutrality or other factors?**

Among the EU countries, the VAT rules have been implemented in different ways. This matter of fact leads to major confusion and problems. Based on our research we have identified 3 different models concerning the implementation of the new VAT rules:

- A) Exhibitions are considered as b-2-b service packages. Consequently the reversed charge procedure is applied and exhibition organizers issue invoices without VAT since the exhibitor conveys the VAT in his home country. This procedure is applied by the majority of the EU countries (Austria, Belgium, Finland, France, The Netherlands, Poland, Spain, etc.).
- B) Exhibitions are considered as real-estate linked businesses. Hence exhibition organizers have to issue invoices with the local VAT. The exhibitors have to reclaim the VAT, a procedure which takes several months. According to our information, this is currently the case in the UK, Hungary, Greece and Portugal.
- C) In some countries like e.g. Germany, a “hybrid structure” is applied. Exhibitions are considered as service packages if certain conditions are fulfilled. In Germany, the rental of the space must be combined with at least 3 services out of a list of several defined service items. If this is the case, the reversed charge procedure can be applied. If not, local VAT has to be invoiced. However, if a service from this list is provided separated from the space rental, German VAT has to be charged. An example for this is stand construction.

Due to these discrepancies regarding the VAT implementation, our industry has been confronted with major uncertainty among exhibitors and organizers. We have been reported cases where exhibitors refused paying invoices since they are used to the destination principle now and fear difficulties claiming back the VAT. There is a strong case for clearer and much more widespread promotion of the details of the new system. UFI is willing to play a part in this insofar as the exhibition industry is concerned.

In addition to the confusion originating from the assessment of exhibitions, the ways in which the new VAT rules have been implemented varied regarding timing and handling of projects which caused additional misunderstandings. In some of the EU countries the new VAT rules have been applied already in summer 2010 using the reversed charged procedure whereas other countries took much longer to find a way to implement the rules. Hence, some exhibitors were facing different procedures within the EU market and no clear guidance or explanation could be given. Furthermore, for some exhibitions taking place in early 2011 invoices had to be issued already in 2010. These invoices were often still with VAT. Invoices from the 1 January 2011 should have been without VAT for still the same project. This complicated the transition process from one VAT system to the other and led to additional misunderstandings as well as uncertainty.

Taking all this into account, the differences in the VAT implementation can influence the decisions of companies on whether or where to participate in fairs and also the selection of the service provider and VAT neutrality is thus no longer ensured.

The national exhibition industry associations as well as UFI have experienced serious difficulties in giving clear advice to their members as they perceive a large degree of flexibility regarding the

interpretation of the new rules in each country. This means that, far from achieving greater harmonisation of tax regimes across the EU, we now have widely diverging treatments of VAT as far as exhibitions and other business events are concerned.

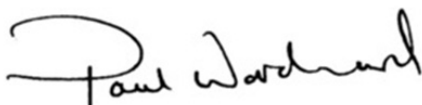
Again, we would like to emphasize the global aspect of the exhibition industry. The VAT regulation should not make a difference between EU and non-EU exhibitors. The procedure to prove that a non-EU exhibitor is a company (b-2-b) should be as easy as for an EU exhibitor.

**Question 21: What are the main problems you have experienced with the current rules on VAT obligations?**

According to our survey results, it is not always as easy as it should be to get the (correct) VAT number of the customer. Currently it can still be difficult to prove for non-EU companies their b-2-b status. We acknowledge that with a new EU Regulation coming into effect from July 1<sup>st</sup> on this will be easier and appreciate this change.

We would like to close this green paper contribution by thanking the EU Commission for this initiative. The current VAT implementation is causing difficulties for an industry which significantly contributes to the EU economy. Therefore, we hope that our contribution is of help on the way to reach a simpler, more robust and efficient VAT system. We look forward to the further information on developments of the VAT legislation.

Yours Sincerely,



---

Paul Woodward  
UFI Managing Director