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Rumanian Presidency  
European Commission

**Position of the Swedish Bankers' Association<sup>1</sup> regarding the EU-proposal for further reporting obligations for the financial sector in order to identify possible VAT fraud in e-commerce – COM(2018) 812 and COM(2018) 813**

- The Swedish Bankers' Association fully supports the work against tax fraud and tax avoidance and to restore fair competition, however, the measures applicable to achieve results must be efficient and proportionate.
- This proposal is disproportionate and will lead to the collection of masses of information which doubtfully leads to an efficient control of VAT in e-commerce. It adds burden on both payment service providers (PSPs) and tax administrations.
- As it is drafted, all payment service providers in the chain of a payment between a payer and a payee are covered, and the same record keeping is requested by all of them. This may lead to multiple double reporting.
- Payment transactions are means of transport of a sum of money but cannot straight off be linked to transactions for VAT purposes without considerable automatic and manual processing of the data.
- The proposals go against the aim of the EU to create an efficient market for payment services in Europe which guarantees fast payments with a high level of consumer protection and straight through processing.
- Cross-border transactions, especially card payments, involve several parties. The participants in a payment transaction have different information on payers and payees. A card issuer does not have the same information as the

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<sup>1</sup> The Swedish Bankers' Association is the major trade association for Swedish banks. Our members are the major banks in Sweden. We are also members of the European Banking Federation (EBF) as well as the European Payments Council (EPC).

acquirer (merchant bank), the latter is closer to the e-commerce merchant. The proposals should only target the “right” payment service provider, namely that of the e-commerce merchant.

- The proposal goes contrary to the “IBAN only” rule in the SEPA regulation which provides for simplification of the amount of information that people and companies need to provide. The “IBAN only” rule reduces the number of processing errors resulting in improved straight through processing rates at the bank.
- The financial sector has been burdened with numerous tax reporting obligations in the field of direct taxation for several years. No additional reporting should be introduced without 1. A better picture of the size of the problem, 2. A quantification of the impact of the initiative, and 3. A more narrow and specified scope of the reporting obligation, considering the effects for the market for payment services in Europe. Poor cooperation for VAT control purposes between Member states and complex European VAT legislation should be tackled without putting unnecessary additional burden on third parties.
- The proposals demand information which is not available to all payment service providers who seem to be covered by the obligation to report. Most payments in the e-commerce space are made through card payments. The card networks provide technology and global standards and guidelines. Adding burden on EU payment service providers create competitive disadvantages vis à vis payment service providers in third countries who are involved in e-commerce payments in the EU.
- The proposal leaves several issues open needing further clarification and analysis, for example: Is double reporting foreseen? If no, who is obliged to report in the payment chain involving several parties? Is the payment service provider obliged to collect additional information and if so, how does this tally with the payment services directives? How can the EU ensure that third country payment service providers are covered by the record keeping?

SWEDISH BANKERS' ASSOCIATION



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