Organising an event in the EU. VAT implications.

Both speciliased event organisers and companies or associations at large arrange and/or attend events and conferences (exhibitions, seminars, congresses, etc) incurring in VAT exposure when these are held in a different EU member state.

As of 1 January 2011 the place of supply rules in relation to events changed as part of the VAT package (Council Directive 2008/8/EC). The new Implementing Regulation (282/2011) came into effect on 1 July 2011.

EU Directive. Place of supply rules (events).

Nature of services	B2B	B2C
Admission and ancillary services	VAT charged in the EU country where the event takes place	VAT charged in the EU country where the event takes place
Event related services	VAT charged in the EU country where the recipient of the service is established	VAT charged in the EU country where the event takes place

Admission to an event. Place of consumption principle.

There is an exception in the new main rule introduced by the VAT Package for the place of supply of B2B services (where the recipient is established) which implies the application of the principle of taxation at the place of consumption. This exception refers to the admission to events.

The initial position of the Commission and the VAT Committee in regard to the concept of "admission" to events and "participation" to educational or scientific events (such as conferences and seminars) has evolved and now the right of entry to educational or scientific events is considered as "admission to an event" and, consequently, subject to VAT where the event actually takes place. The Implementing Regulation that came into effect on 1 July 2011 includes this concept.

What can be included in the admission fee.

While concerts generally grant access to a certain seat in the venue, admission to conferences, seminars and congresses may include one or more services (some of which are optional and even charged at different rates).

- participation in sessions
- coffe break snacks and/or meals gala dinner
- guided tour/ other entertaining event
- overnight hotel accommodations

Considering that sometimes these services fall into different VAT treatments, difficulties arise when determining if these services constitute a global unit service or whether each need to be considered separately for VAT purposes.

The European Court of Justice (ECJ)'s decision in Card Protection Plan indicated that a supply must be regarded as ancillary to a principal supply (e.g. admission) when it does not constitute for

customers an aim in itself, but a means of better enjoying the principal supply.

Additional notes:

1. Attention will need to be paid to **local legislation where VAT will be exempted or a reduced VAT** rate will apply provided certain criteria are met (i.e. education services, in some member states).

2. **Is VAT Registration really required?** In some countries when the value of taxable activities is below a certain **VAT threshold**, VAT does not need to be charged and therefore VAT registration is not necessary.

If however, an organiser is liable to collect and account for VAT in the territory where the event takes place, it will need to be registered for VAT and file VAT returns.

3. **Tour operators margin scheme (TOMS)**:

Some member states will consider that a certain combination of services, when acquired by a foreign entity/ third party who does not provide them directly (event organisers), should be charged separately and follow the TOMS VAT scheme being these services subject to VAT in the member state where the event organiser is established.

Under the TOMS scheme, VAT is calculated on the profit margin of these services and VAT incurred on the purchase of the services cannot be recovered or deducted.

This implies that the rest of the services which won't fall into the TOMS scheme umbrella apply the place of supply rules above mentioned and the organizer will still need to be VAT registered and comply with VAT returns in the member state where the event takes place.

Advertising and sponsorship.

In most congresses and conferences there are companies and organisations who market their brands, products and/or services during the event. These can be sponsors, members or participants.

While these services follow the main place of supply rule for services (where the advertiser or sponsor is established), some member states apply "use and enjoyment" provisions when the place of supply under the general rule for B2B services locates the service outside the EU (e.g. Spain) which certainly implies that VAT will be charged and accounted for in the country where the event takes place.

Provision of exhibition space

When booths and stands are rented at an event, even when the ECJ has set out clear and distinctive rules to identify when the service should be understood as publicity and when as an ancilliary service, some member states apply a different VAT treatment considering exhibition space as a land-related supply that is subject to VAT in the place where the immovable property is located (which might even be exempt in some member states).

Gala dinner

When a Gala dinner is often open to people at large or when it is optional to participants in the event, it is important to correctly identify the service. It will then be treated as a restaurant and/or catering service, which is subject to VAT where the dinner physically takes place.

New reduced art VAT rates. Works of art, collectors' items and antiques.

While Spain had traditionally applied a general VAT rate on imports, sales and intra community acquisitions of works of art, collectors' items and antiques, most EU member states were applying reduced rates: France, 10% Italy 1% Germany, 7% Ireland, 13,5%. Royal-Decree Law 1/2014 introduces paragraphs 4 and 5 in art. 91 of the VAT Act 37/1992, reducing the VAT general rate (21%) to a reduced rate (10%) for:

1. Imports of works of art, collectors' items and antiques, regardless of who imports them.
2. Sales or Intra-community acquisitions of works of art carried out by authors/ right holders and by entrepreneurs (other than intermediaries of art. 136 VAT Act) entitled to a 100% VAT deduction.

Reduced rates will only be applicble for intermediaries when their buyer is not a reseller. Art Galleries are therefore analyzing the possibility of working on commission instead of assuming the sale risk.

Art. 135.Uno.3º of the VAT Act is also modified, including in the *Special Scheme for second-hand goods, works of art, collectors' items and antiques*, the sales of those works of arts acquired from entrepreneurs or professionals in transactions where the reduced VAT rate was applied.

Royal Decree Law 1/2014. (BOE, 25-enero-2014)
