

Germany moves to tackle sales tax fraud in e-commerce

August 1 2018



The German government, which estimates that it loses up to 500 million euros a year in unapplied sales taxes on goods purchased from e-commerce sites like eBay and Amazon, has drafted a new law that will tighten the rules for foreign online companies

The German government on Wednesday approved a draft law to crack down on VAT fraud in online sales by tightening the rules for e-commerce giants like Amazon and eBay.

The government estimates that it loses up to 500 million euros (\$580 million) a year in unpaid sales taxes on goods purchased online from companies outside Germany.

"We are ending the illegal practice of some vendors on online marketplaces who evade the sales tax and unfairly give themselves competitive advantages," Finance Minister Olaf Scholz said in a statement.

The government says that although the price German customers pay for their online purchases includes VAT, many foreign-based vendors never pass the taxes on to the German state.

The proposed legislation, which still needs to go through parliament, would oblige online shopping platforms to track sales by third-party companies on their website, and pass the relevant information on to the finance ministry so those firms can be taxed.

If that fails, the online platforms themselves could be liable to pay the necessary sales taxes.

The proposed German legislation would take effect in 2019, two years before a similar scheme for the entire European Union comes into force.

A spokesman for eBay told DPA news agency that the [company](#) has "no tolerance for vendors who fail to comply with their legal obligations on the eBay marketplace".

But he also criticised Germany for rushing in measures ahead of the EU-wide [legislation](#).

"Any unilateral actions that lead to legal fragmentation pose a huge

burden for global companies," he said.

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Citation: Germany moves to tackle sales tax fraud in e-commerce (2018, August 1) retrieved 2 June 2023 from <https://phys.org/news/2018-08-germany-tackle-sales-tax-fraud.html>

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