

Irish Internet Association

Electronic Commerce and the Irish Tax System

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Irish Internet Association

Electronic Commerce and the Irish Tax System

- Hearty Welcome to this very positive development
- Background
- World and EU Realities
- Implications for Business
- Opportunities

WORKING THE WEB

**A Global
Business
Network**

Prepared for
dramatic
changes

**CHANGING THE FACE
OF FINANCE**

Electronic Commerce embraces much more than financial transactions. It is about using technology to allow businesses to adopt more cost effective methods of working with customers, suppliers and trading partners.

*Internet
conquers the World*

A fatal
medium?

The Future of Cash

'This stuff destroys nation-states'

*It's not
technology
that's the
driving force,
but economics.*

E-Com, it's probably not what you thought...

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PRICEWATERHOUSECOOPERS 

Tax Implications

CYBERSPACE TAX POLICY

**ELECTRONIC COMMERCE: THE CHALLENGES TO TAX
AUTHORITIES AND TAXPAYERS**

What chance for the virtual taxman?

**Internet
taxation
dispute
escalates**

**Does Cyber-Commerce Necessitate a Revision of
International Tax Concepts?**

**Caught in the Web:
the Tax and Legal
Implications of
Electronic Commerce**

The Challenge to Consumption Taxes

**A toe in
uncharted
waters**

**DISAPPEARING TAXES
The tap runs dry**

Taxes slip through the Net

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Electronic Commerce and the Irish VAT System

- World and EU Realities
 - The U.S. is not as concerned
 - A global solution is needed
 - An EU co-ordinated approach
 - Time is of the essence

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- Goods
 - Reverse Charge for Businesses?
 - Postal Authorities for Consumers?
 - Courier Companies for Consumers?
- Registration
- VAT Collection?
- Value of Goods
- System Changes

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- Service Providers
 - Provider registers in user's country?
 - How many registrations?
 - One per country?
 - One per bloc?
 - How to know country of consumption/use?
 - Tax Collection and Remittance?
 - Foreign Exchange Issues?
 - Systems Changes

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- Traders Need:
 - Certainty
 - Clarity
 - Transparency
- Neutrality re rates of tax - e.g. Books
- Agreement at International Level

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- SME's = MNC's
- Authorities relying on electronic data
- Systems held thousands of kilometres away
- How many VAT systems to comply with?
- How many VAT audits?

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- How to distinguish between business and final consumers
- How to design systems to deal with multiple registrations
- How to deal with International Tax

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- Will E-Business be treated differently from 'Bricks and Mortar'?
- Will current rates continue to apply to non E-Business?
- Will EMU & E-Business drive the implementation of the Common System?

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- Consistency within blocs
- OECD - wide framework
- Non OECD States
- A Global Consistency
 - **With Fundamental Differences; Sales Tax vis-à-vis VAT?**

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Electronic Commerce and the Irish tax System

- Need to Harmonise System
- Streamlined and Straightforward:
 - invoicing
 - thresholds
 - registration
 - interpretation
 - implementation
 - systems for collection and payment
 - control systems
 - Within and outside the EU

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- Electronic Administration of Tax
 - Returns & Identification etc.
- Increased Number of Registrations
- How much Reliance on Trader's Systems?
- How much Reliance on Other Administrations?
- How to Track and Enforce?

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- There must be:
 - Extensive Exchange of Information
 - Mutual Assistance
 - How Many VAT Audits?
- How many registrations per bloc?

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Electronic Commerce and the Irish VAT System

- Opportunities
 - Systems Development
 - Training
 - Sales opportunities