

## The unified approach to VAT from Lisbon to Vladivostok

The Lisbon-Vladivostok Initiative Task Force VAT has prepared a proposal of stimulating the development of the EAEU market of services and forged approaches to remove cross-border financial barriers

On March 26, 2021, the Task Force VAT, which was created within a framework of the Lisbon-Vladivostok initiative, arranged a working meeting. More than a dozen international experts from Russia, Germany, Belarus and Kazakhstan discussed the issues of stimulating the development of the international market of services by eliminating financial barriers in the form of value added tax (VAT) double payment. Ulf Schneider, the Chairman of the Board of the Lisbon-Vladivostok Initiative, SCHNEIDER GROUP President & Founder, addressed the experts with a welcoming speech: "The unification of rules and procedures will contribute to the development of business throughout the entire economic space from Lisbon to Vladivostok. It is very important for business to have universal forms of documents, mutual recognition of certificates and studies. Business must be free from the double taxation burden in the service sector. This consistency will free up additional time, effort and money, which will make our business stronger and more efficient".

Experts noted that in the current situation, businesses from the countries of the European Union (the EU) and the Eurasian Economic Union (the EAEU) are forced to pay VAT in case of export of a number of services. The reason for this situation is the outdated legal framework that exists in the EAEU member states. Vladimir Zaitsev, Siemens Tax Service Head, emphasized: "The legislative base of the EAEU member states in many respects repeats the EU legislation of ten years ago. The European Union introduced the principle of paying VAT in the country of the consumer of a product or service. This approach helped stimulate the development of the service sector in the EU countries. The EAEU needs the same logic. This approach is understandable and economically reasonable". The experts presented economic calculations regarding the impact of VAT payment rules on the development of service export potential and discussed the economic benefits of the proposed changes.

The Task Force VAT experts presented economic calculations regarding the impact of VAT payment rules on the development of service export potential and discussed the economic benefits of the proposed changes. Ekaterina Lakatosh, SCHNEIDER GROUP Tax team Lead, confirmed that: "Changes in taxation rules are needed precisely at the level of the EAEU. This will stimulate the development of the service market within the union itself and increase the competitive advantages of the companies localized in it". Following the meeting, a position paper will be prepared.

The presentation of the final proposals of the Task Force is planned in June 2021 at the conference in Lisbon.

### **About the Lisbon-Vladivostok Initiative:**

In 2015, an initiative was born in European business circles to promote the idea of creating a single economic space on the territory of the European Union (the EU) and the Eurasian Economic Union (the EAEU) - the business Initiative Lisbon-Vladivostok. The foundation of the Initiative is the need of the business community for economic integration and expansion of economic interaction in the Eurasian space. The Initiative already brings together more than 100 companies, as well as major business associations from 12 EU and EAEU member states. In 2020, the Initiative received its organizational design in the shape of working bodies: the board and a number of expert working groups (Task Forces) in specific areas. Events dedicated to the popularization and further promotion of the Initiative are held on a regular basis. The participants in the events held within the framework of the Initiative are business leaders and owners, officials, and authoritative members of the expert community.

### **More information can be found on the website and social media:**

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