



LEASEUROPE

## PRESS RELEASE

For Immediate Release

### LEASEUROPE WELCOMES ECOFIN'S AGREEMENT ON THE VAT PLACE OF SUPPLY TREATMENT

BRUSSELS, 17 December 2007 – Leaseurope, as the trade association representing European lessors and automotive renters, welcomes the Ecofin's December agreement of the VAT Package.

The Package will bring about significant administrative simplifications for European businesses in general and, through the VAT Place of Supply Directive (one of the three constitutive elements of the Package), will lead to the place of taxation being in general the place where actual consumption takes place.

Leaseurope fully supports this treatment, in particular the new rules for determining the place of supply for the short and long term hiring of means of transport.

The provisions agreed under the Portuguese Presidency will mean that the place of supply for hiring of means of transport is identical whether the transaction is made to a taxable or non-taxable person. Furthermore, by making the place of supply the *place of establishment of the customer* (for long term hire, i.e. above 30 days) or the place where the means of transport is *put at the disposal of the customer* (for short term hire), it achieves the intended effect of VAT as a consumption tax in a simple manner.

Vincent Rupied, Chair of Leaseurope's Automotive Steering Group, and Director of Corporate Relations at Arval, commented on the positive development saying that "this system takes into account our industry's long standing argument that the old rules created distortions of competition. In the past, with the place of supply being linked to the place of establishment of the supplier, automotive leasing and rental businesses had an unfair advantage when providing cross-border leases from Member States applying lower VAT rates and/or with particular deduction rules for vehicles. The new rules are therefore a significant improvement for us and the Portuguese Presidency should be highly praised for brokering agreement on the VAT Package".

Hire of Means of Transport ST < 30 days LT > 30 days	Customer type	Council agreement on the place of supply treatment
Short term hire	B2B	From 1 Jan 2010, place where the means of transport is put at the disposal of the customer
Short term hire	B2C	From 1 Jan 2010, place where the means of transport is put at the disposal of the customer
Long term hire	B2B	From 1 Jan 2010, place of establishment of customer
Long term hire	B2C	Until 31 Dec 2012, place of establishment of supplier From 1 Jan 2013, place of establishment of customer

- End -

**Leaseurope, the European Federation of Leasing Company Associations**, is composed of 48 Member Associations in 34 countries. It represents as an umbrella body the European leasing and automotive rental industries. In 2006, its leasing members accounted for 92% of the European leasing market. In April 2006, the Federation integrated short and long term car and truck renters into its membership base. It now represents around 8 500 companies across Europe employing over 200 000 people. During the course of 2006, the companies represented via Leaseurope financed in excess of 297.5 billion euros of new investments in vehicles, equipment and real estate with the portfolio of leasing contracts reaching more than 630 billion euros.

The countries represented are: Austria, Belgium, Bosnia-Herzegovina, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Morocco, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia & Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine and the United Kingdom.

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**Leaseurope – Shaping the future of the leasing and automotive rental industries at European level**