



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax Administration
Value added tax

Public consultation ‘VAT rules applicable to travel and tourism sector’

Factual summary report

1. INTRODUCTION. BACKGROUND

The current EU VAT rules on travel services do not reflect recent developments in the market, such as the growth in international travel and intra-EU passenger mobility, digitalisation, and increased global competition. Moreover, such rules are interpreted or applied inconsistently by Member States, which creates internal market distortions and affects the competitiveness of EU businesses *vis-à-vis* third countries.

The EU Commission ran a public consultation between 24 July and 16 October 2025 to seek stakeholders' views on how the current VAT rules function in the travel sector and how they could be made fairer, simpler, more sustainable and suitable for the digital market. It focused on two areas:

1. The special VAT scheme for travel agents, also known as Tour Operators' Margin Scheme (TOMS) (Articles 306-310 of the VAT Directive¹);
2. The VAT treatment of passenger transport services (Articles 48 and 148 of the VAT Directive).

This consultation was not intended to cover a representative sample of the European population or the economic sector. Thus, the results cannot be scientifically extrapolated as representative of the entire stakeholder's views. Respondents were not required to answer all questions.

This document should be regarded solely as a summary of the contributions made by stakeholders. It cannot in any circumstances be regarded as the official position of the Commission or its services.

2. RESULTS OF THE CONSULTATION

2.1. Number and distribution of replies — characteristics of respondent

A total of 244 contributions from 241 stakeholders were received. By excluding duplicates received from 3 stakeholders, the total number of contributions amounts to 241.

During the analysis, **three coordinated campaigns were identified**: 36 members from Germany, 28 members from Austria, and 9 members from several countries. These campaigns were detected through shared characteristics such as the country of origin, identical or nearly identical wording to open questions, and consistent answer patterns.

Figure 1: Type of respondents

¹ [Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax.](#)

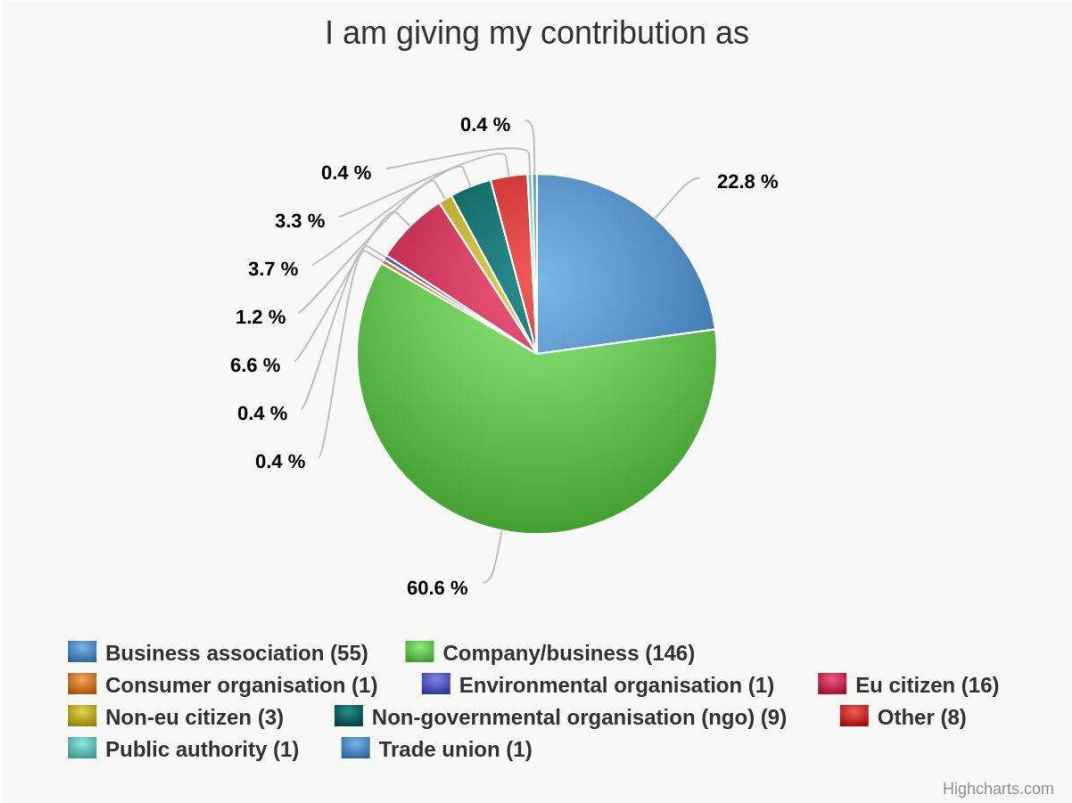


Figure 2: Sectoral composition

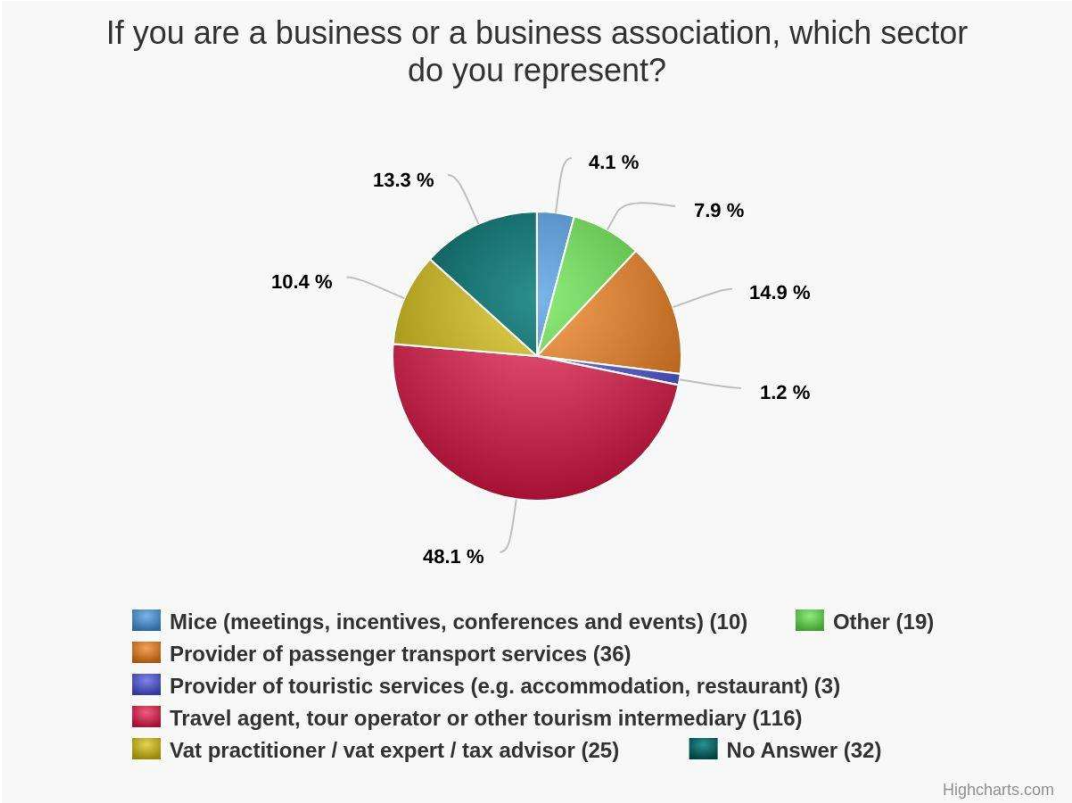


Figure 3: Organisation size

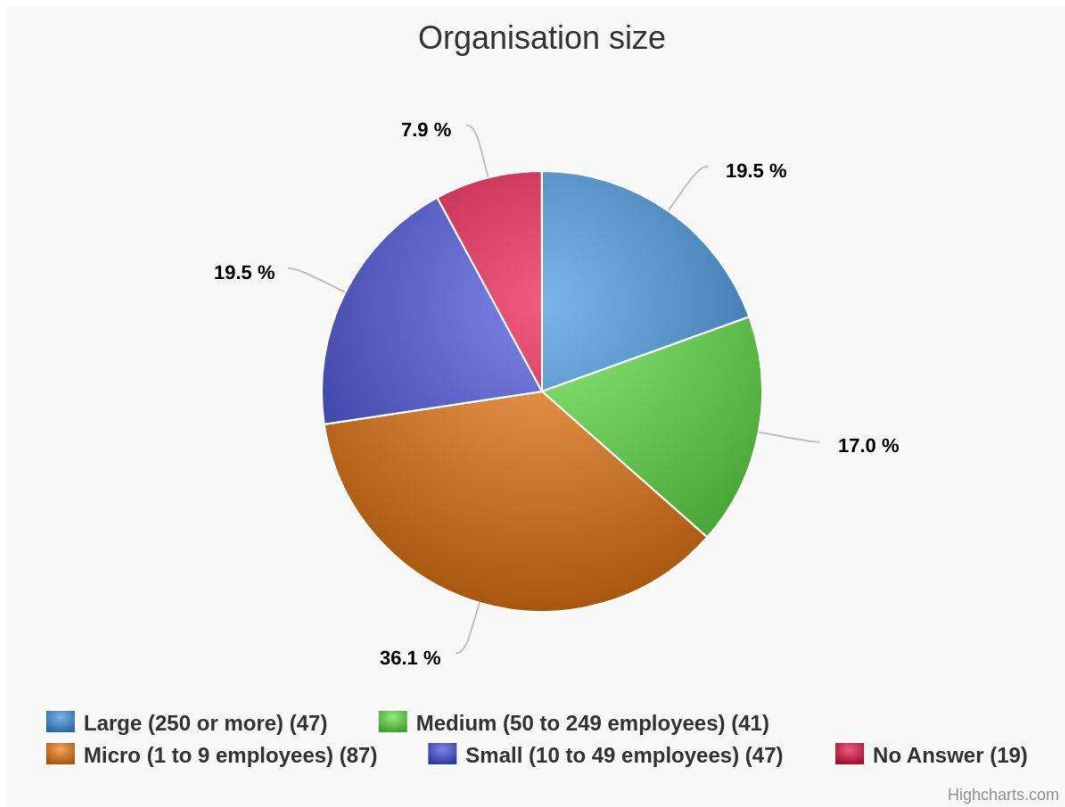


Figure 4: Country of origin

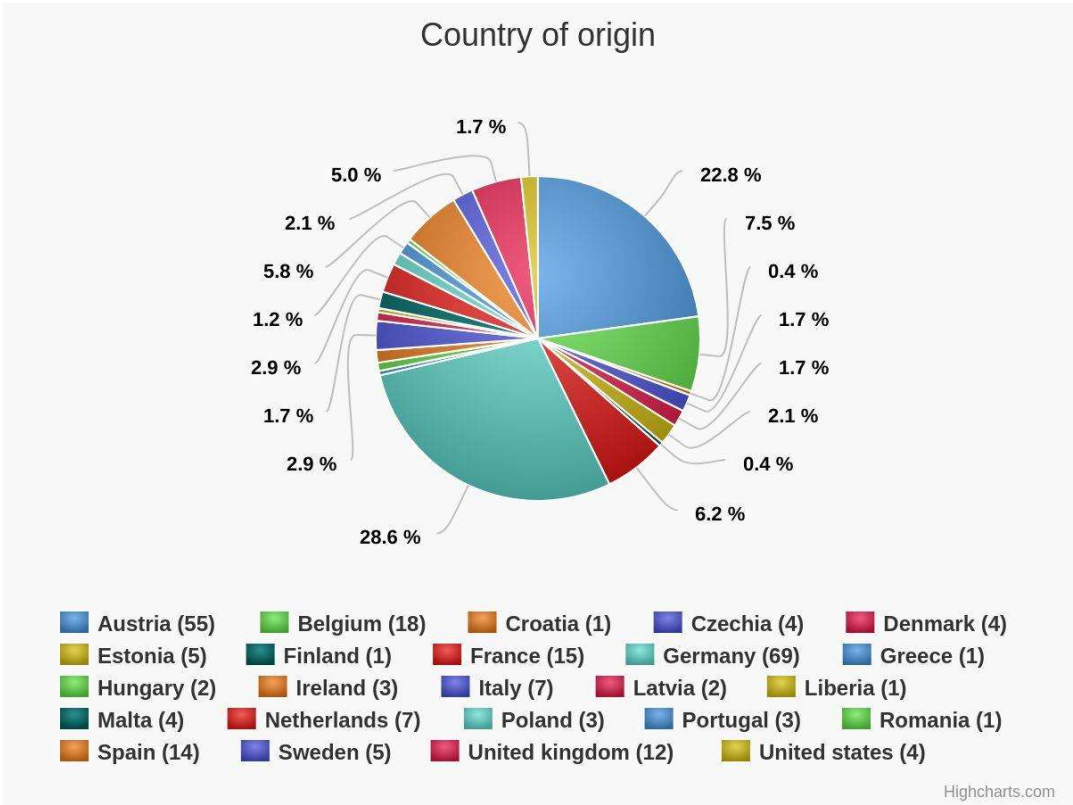


Figure 5: Type of customers

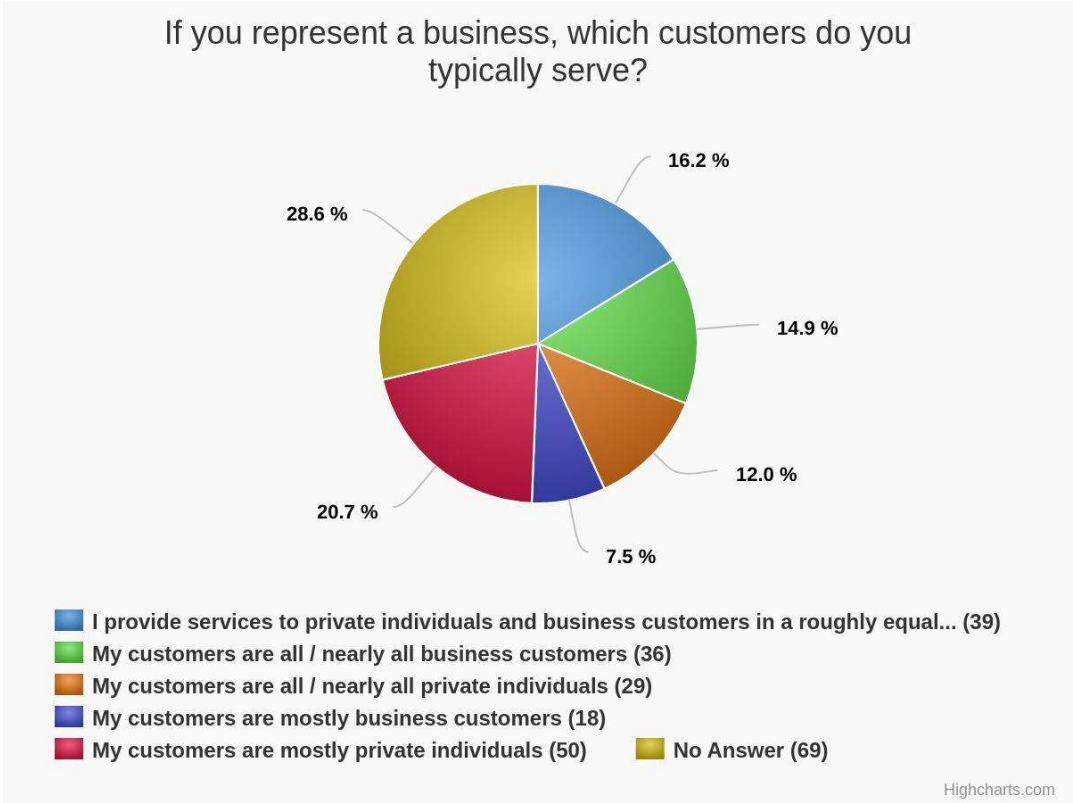
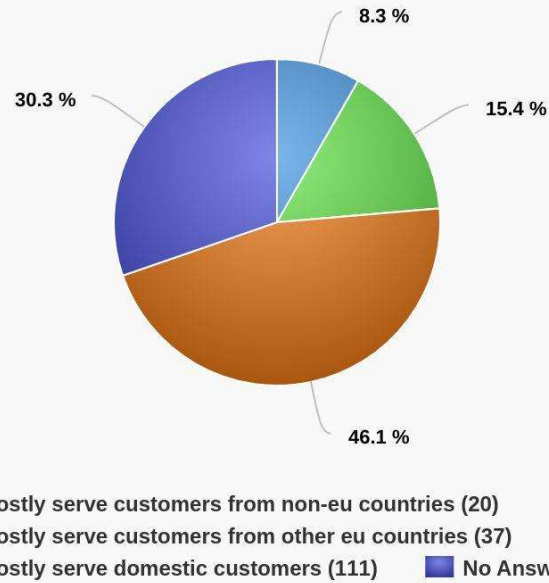


Figure 6: Geographical distribution of customers

If you represent a business, does it typically serve domestic customers, customers from other EU countries or non-EU customers?

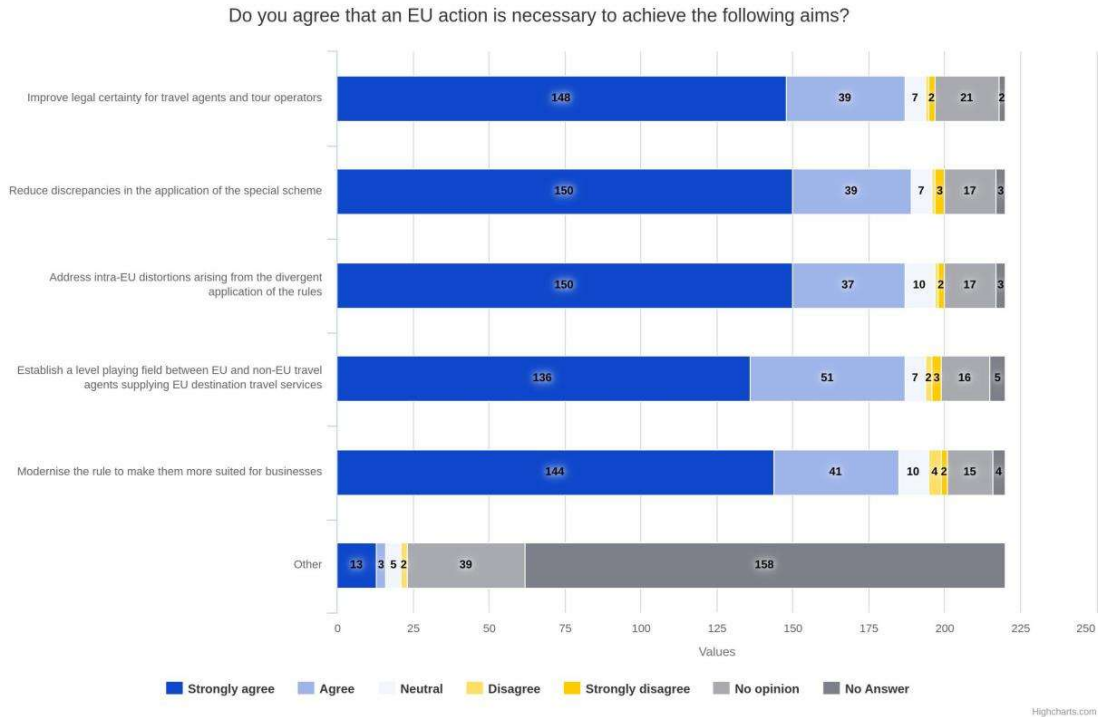


Highcharts.com

2.2. Special VAT scheme for travel agents

This section analyses the closed questions concerning the special VAT scheme for travel agents (TOMS hereafter). Of the 241 respondents to the public consultation, 220 replied to this section.

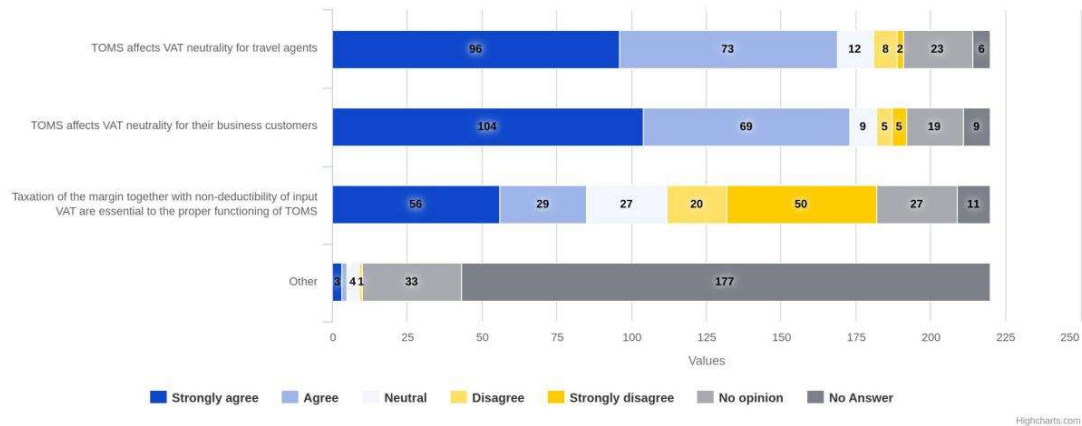
Figure 7: Stakeholders' views on the necessity of EU action



Most respondents agreed/strongly agreed that the current TOMS rules undermine VAT neutrality for both travel agents (77%) and their business customers (79%). When campaign responses are excluded, agreement decreases to 67% and 69% respectively.

Figure 8: Stakeholders' views on the impact of TOMS on VAT neutrality

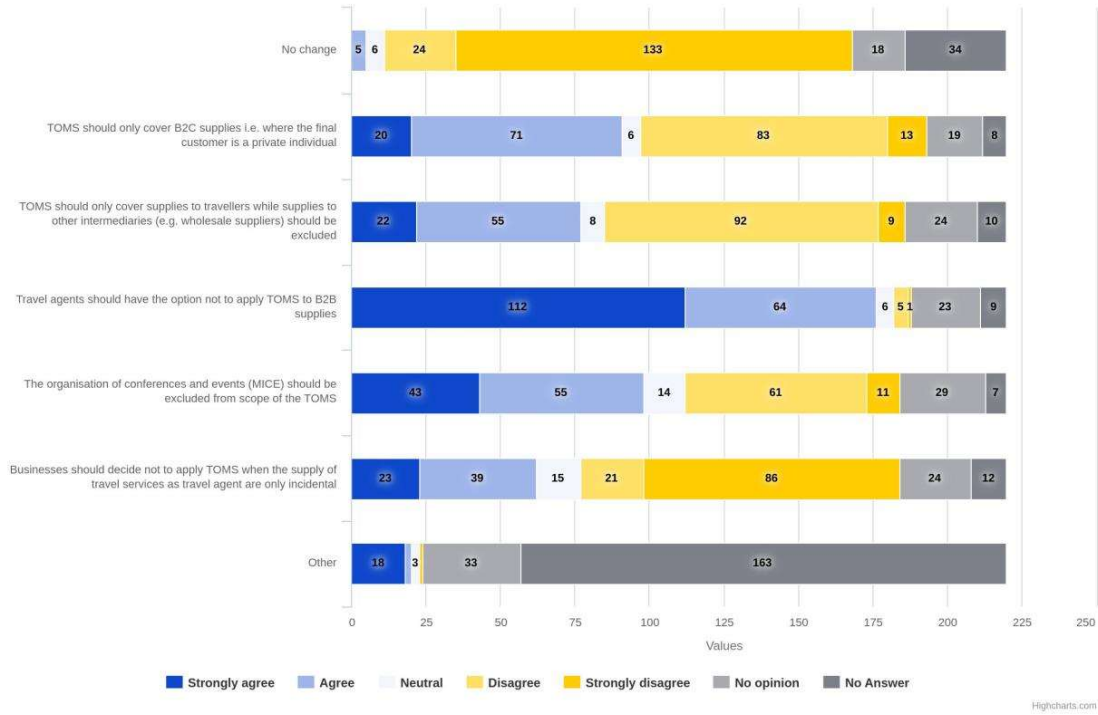
Under TOMS travel agents account for VAT only on their margin but are not allowed to deduct input VAT on the supplies to them falling within the scope of the special scheme. Do you think TOMS impairs the neutrality of VAT for travel agents and their business customers? Why?



On the scope of TOMS, 80% of respondents supported an optional application to B2B supplies. When excluding campaigns, that support slightly decreases to 71%.

Figure 9: Stakeholders' views on possible revisions to the scope of TOMS

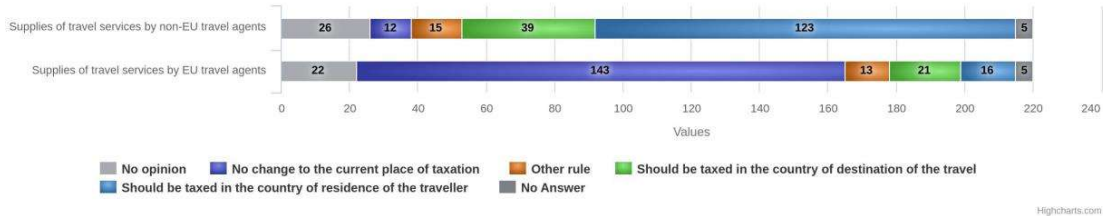
Currently TOMS also applies to B2B (business-to-business) supplies (e.g. wholesale supplies, organisation of events). However, significant discrepancies exist in the VAT treatment of B2B supplies by travel agents across the EU which cause competitive distortions between Member States. Please express your view on the following possible revisions to the scope of TOMS.



On the place of taxation of the margin, for EU travel agents, 65% of participants supported the current rule. For non-EU travel agents, 55.91% favoured taxation in the country of residence of the traveller.

Figure 10: Views on the Place of Taxation under TOMS

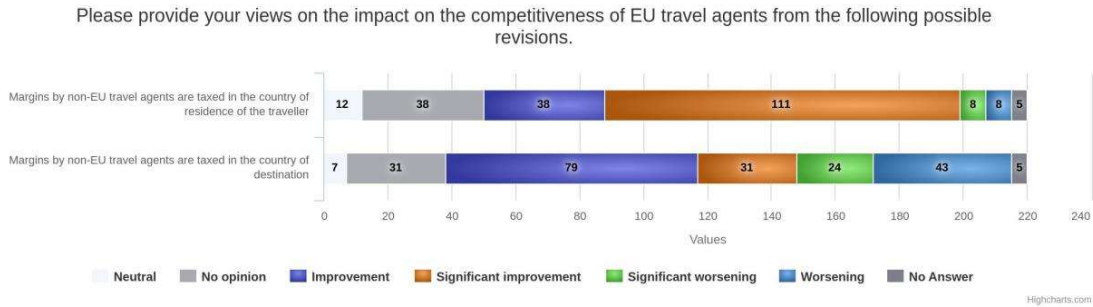
Under TOMS, the margin on travel services supplied by a travel agent is taxed in the Member State where the travel agent is established. This leads to non-taxation of the margin made by travel agents not established in the EU selling travel services where the destination is in the EU. Please indicate your views on the possible revisions to that rule.



When campaigns are excluded, for non-EU travel agents, support for the country of residence decreases to 36% while for EU travel agents, support for the current rule falls to 48%.

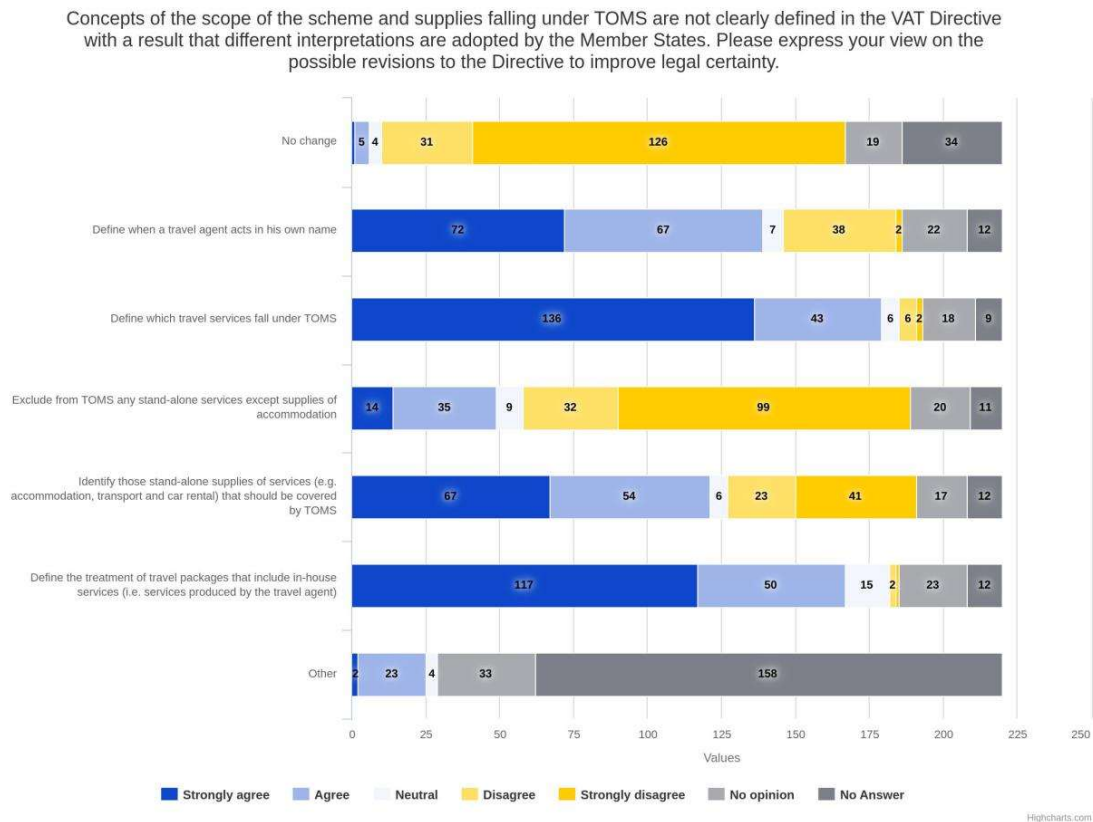
On the potential impact of alternative taxation rules on the competitiveness of EU travel agents, 68% viewed the taxation of non-EU operators in the traveller’s country of residence as an improvement. Excluding campaigns does not alter the overall picture.

Figure 11: Views on the impact on the competitiveness of EU travel agents



On legal certainty, 81% of respondents agreed/strongly agreed on the need to clarify which travel services fall under the scheme and 76% on how travel packages including in-house services should be treated. When campaigns are excluded, the results remain valid but the disagreement on excluding all stand-alone services other than accommodation drops to 45%.

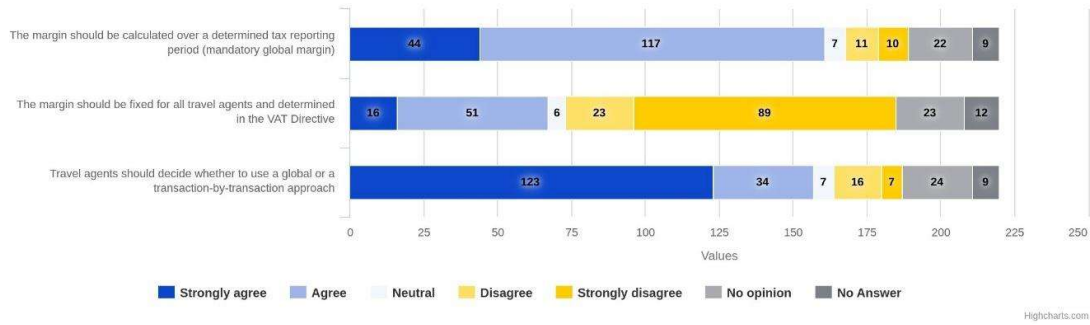
Figure 12: Views on possible revisions to the VAT Directive



On the calculation of the margin under TOMS, when campaigns are excluded, the overall results remain similar with preferences split between the optional (62%) and mandatory (60%) margin calculation.

Figure 13: Stakeholders' views on possible revisions to the margin calculation

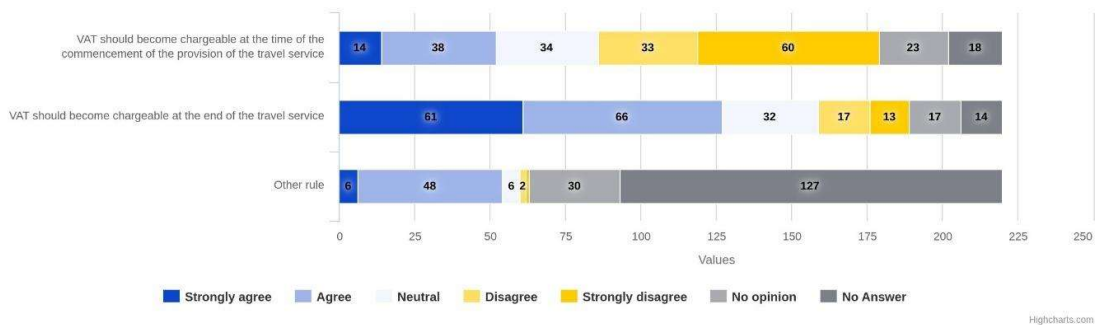
The TOMS requires travel agents to determine their margin for each transaction separately. However, such a rule is difficult to apply, and most Member States allow other methods for the calculation of margins by travel agents which are inconsistent with the VAT Directive. Please express your view on the following possible revisions to that rule.



On the question of when VAT should become chargeable, 58% of respondents favoured making VAT due at the end of the travel service. Excluding campaigns does not alter the results.

Figure 14: Preferences for VAT chargeability

Currently, travel agents are liable to calculate the VAT due on their margin when a payment on account is received. However, such a rule is often disregarded by travel agents as it is difficult for them to determine the margin at the time of the advanced payment. Please express your views on the following possible revisions to that rule.



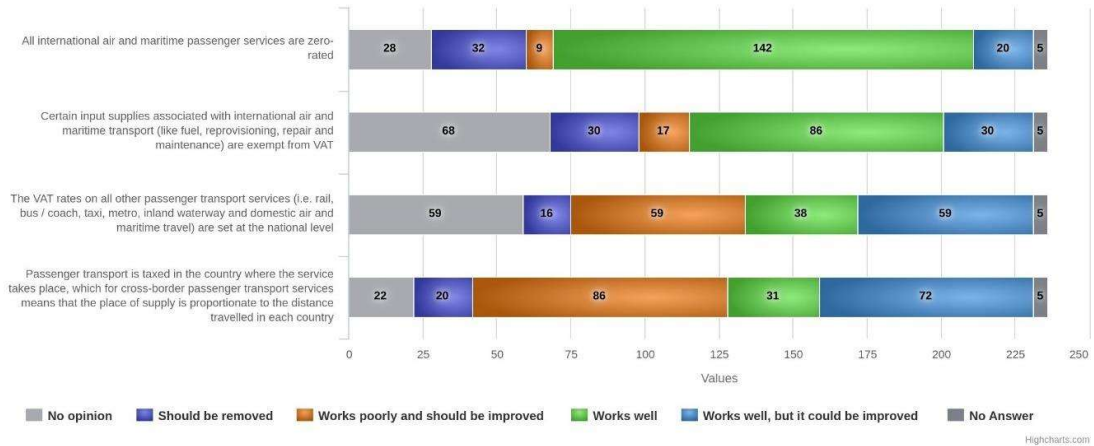
2.3. VAT rules on passenger transport

This section analyses the closed questions concerning the VAT rules applicable to passenger transport. Out of 241 participants to the public consultation, 236 responded to this section.

On the general functioning of the VAT rules on passenger transport, 60% of respondents considered the zero-rating for international air and maritime transport to work adequately (49% when excluding campaigns). 67% indicate that place-of-supply rule based on distance travelled could/should be improved (58% when excluding campaigns).

Figure 15: Assessment of the Functioning of Current VAT Rules on Passenger Transport

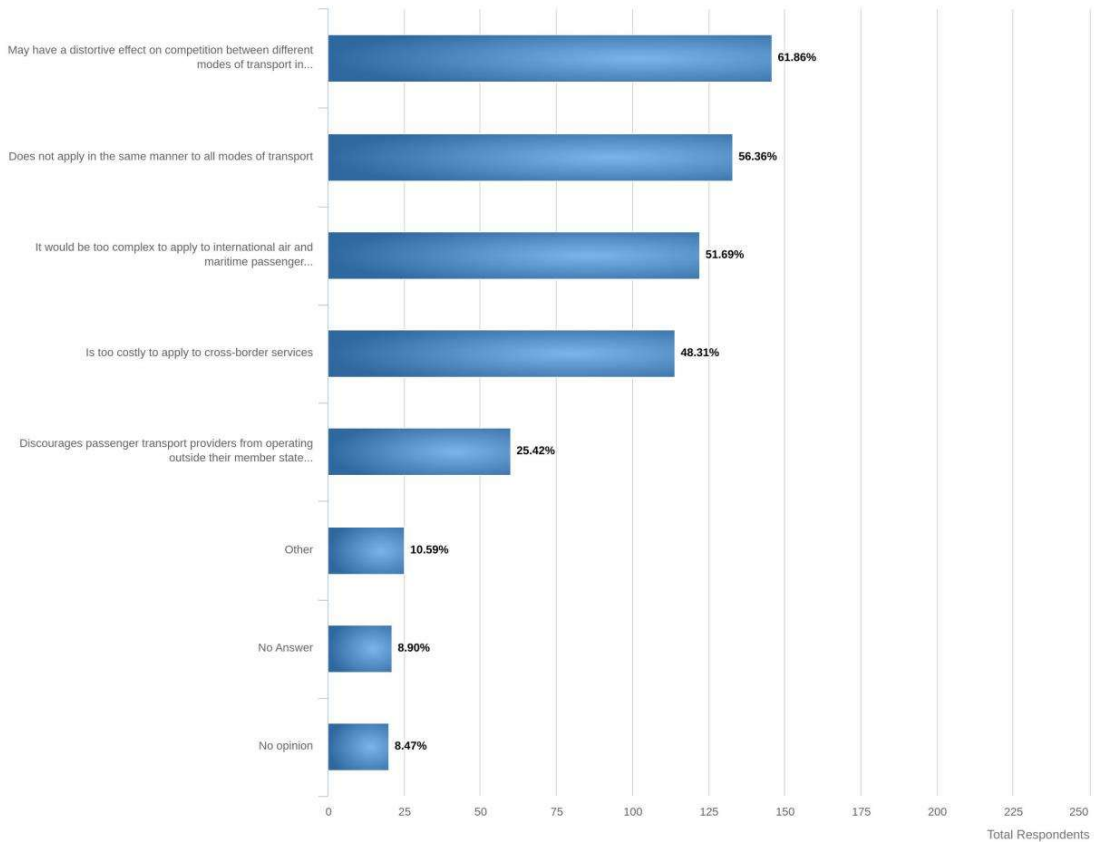
In general, how would you assess the functioning of the current VAT rules applicable to passenger transport, which are briefly listed below.



The distortive effect, the different application across transport modes and the complexity for air and maritime transport were identified as **the main reasons for improving the current place-of-supply rule**. Excluding campaigns does not alter the results.

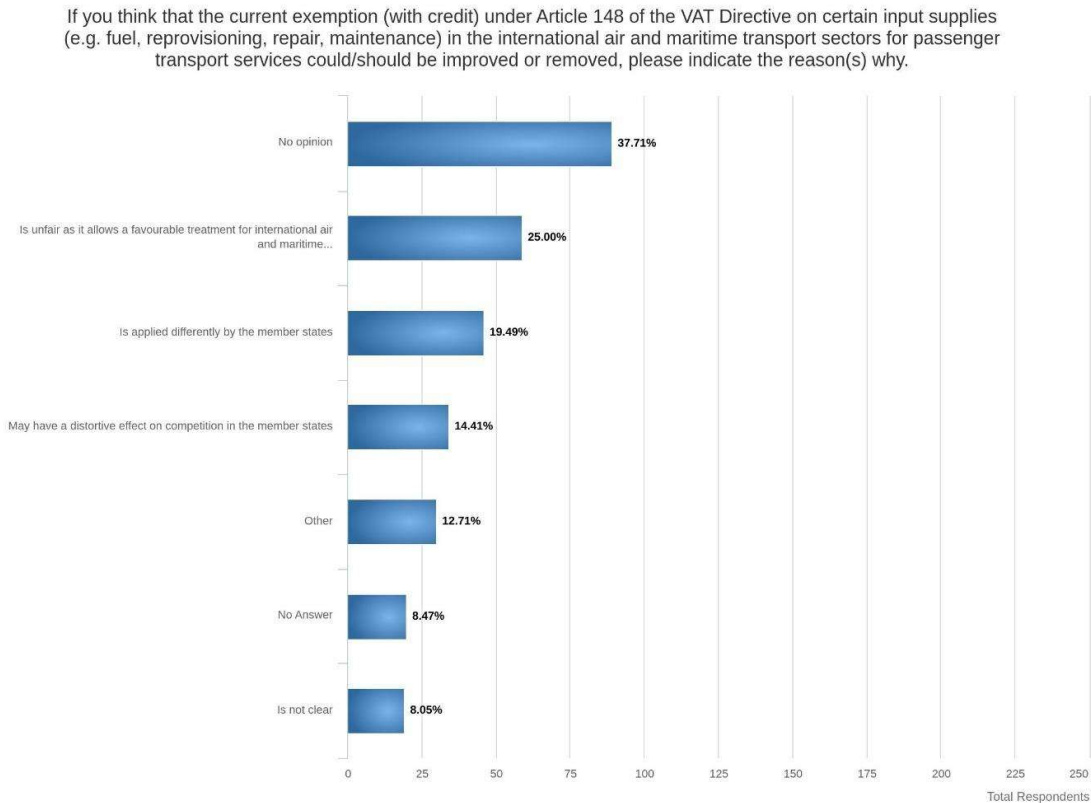
Figure 16: Views on the current place of supply rule

If you think that the current place of supply rules for passenger transport services under Article 48 of the VAT Directive could/should be improved or removed, please indicate the reason(s) why.



On the issue of exempting certain input supplies for international air and maritime passenger transport, 25% of respondents criticized the exemption as unfairly favouring air and maritime transport and almost 20% as applied differently by Member States. When excluding campaigns, the results remain valid.

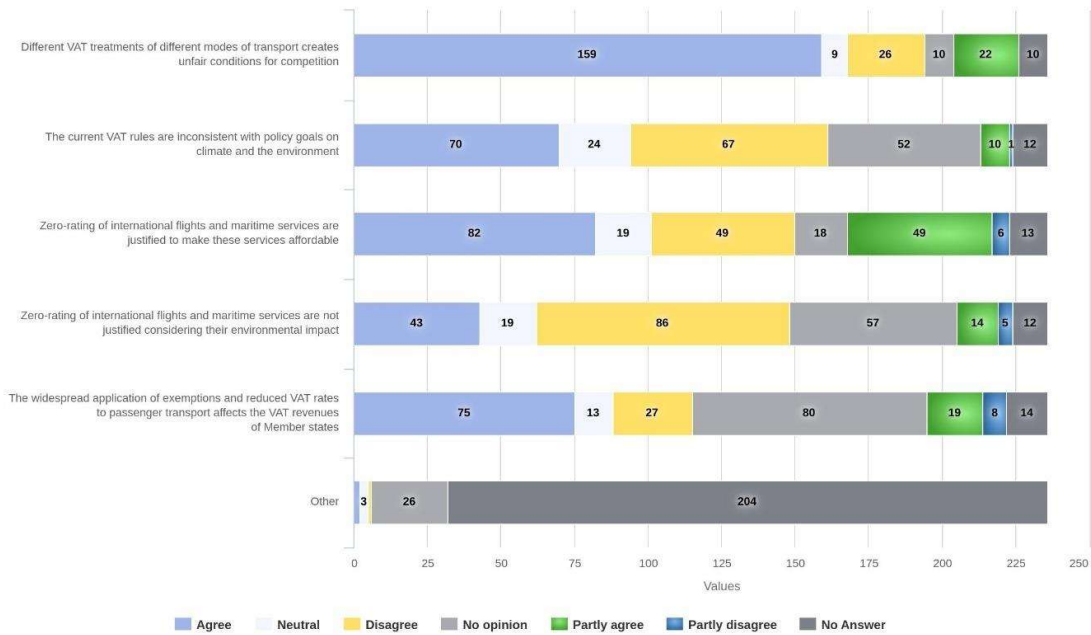
Figure 17: Views on the current exemption for certain input supplies



On the different VAT treatment of passenger transport modes, 67% of respondents felt that it creates unfair competitive conditions. When excluding campaigns, the overall pattern remains consistent.

Figure 18: Views on the VAT Treatment of Different Modes of Passenger Transport

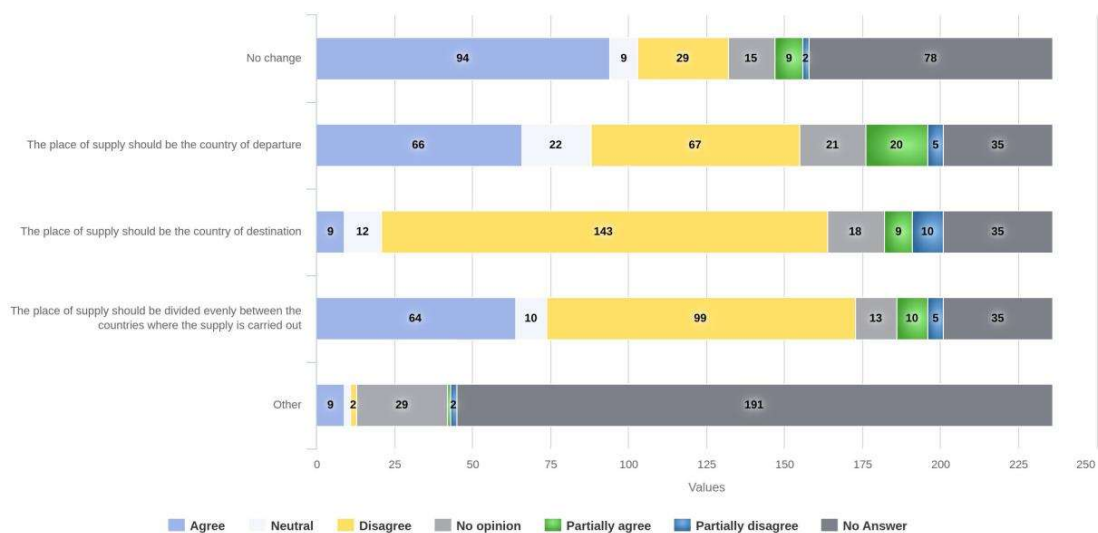
Please, express your views on the different VAT treatments of different modes of transport (zero-rating for international air and maritime services compared to most other passenger transport services being taxed).



On the possible revisions to the place-of-supply rule, 40% of respondents would prefer keeping the current system while 28% would change it to the country of departure. It is noteworthy that all providers of passenger transport services who agree with changing the place of supply to the country of departure come from the land transport sector. When excluding campaigns, the overall pattern remains essentially unchanged.

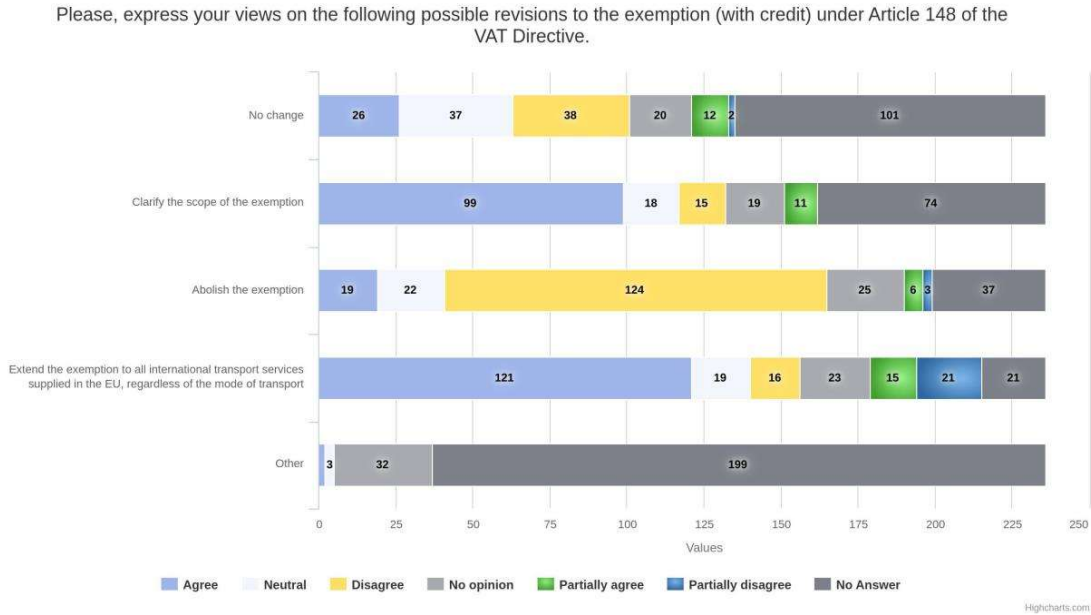
Figure 19: Views on the possible revisions to the place of supply rule for passenger transport services

Please, express your views on the following possible revisions to the place of supply rule for passenger transport services.



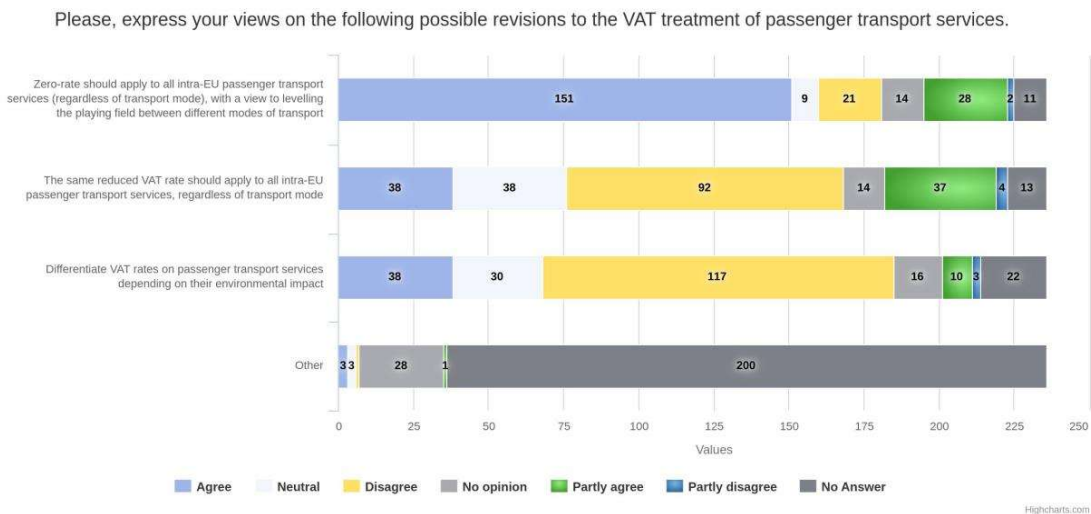
On possible revisions to the exemption under Article 148, 51% would extend the exemption to all international transport services while 42% would clarify the scope of the rule. Excluding campaigns does not alter the results.

Figure 20: Views on possible revisions to the VAT exemption under Article 148



On possible revisions to the VAT treatment of passenger transport, 64% of respondents favoured a zero rate to all intra-EU passenger transport services. Excluding campaigns does not alter the results.

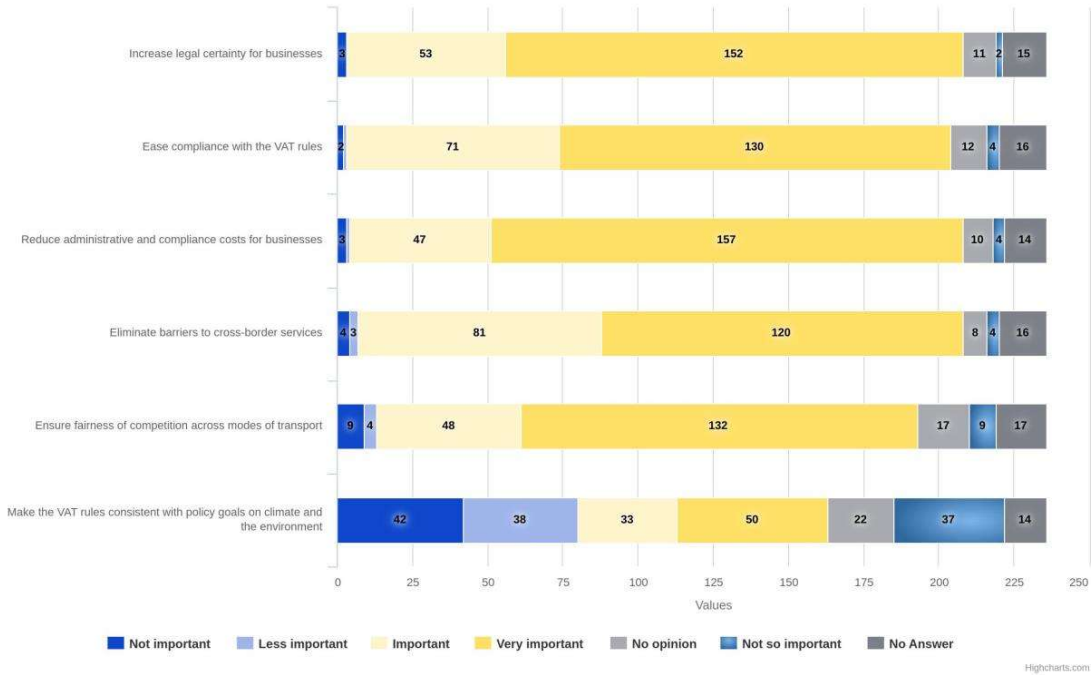
Figure 21: Views on possible revisions to the VAT treatment of passenger transport services



The first five objectives below were seen by most respondents as *important* or *very important* for **potential EU VAT initiatives on passenger transport**. Campaigns do not alter the results.

Figure 22: Perceived importance for potential EU VAT initiatives on passenger transport

Please rate the importance of the following objectives for potential EU VAT initiatives on passenger transport?



2.4. Position papers analysis

A total of 59 position papers were submitted. The main ideas expressed are summarised below.

Figure 23: Key proposals related to TOMS

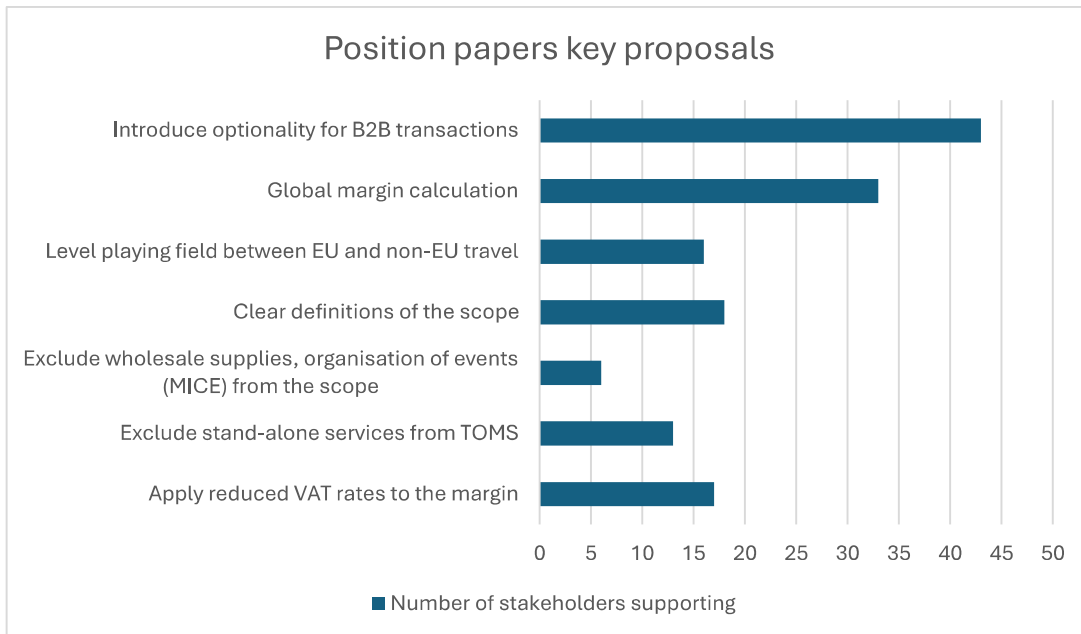


Figure 24: Stakeholders' preferences on the place of supply for EU and non-EU travel services

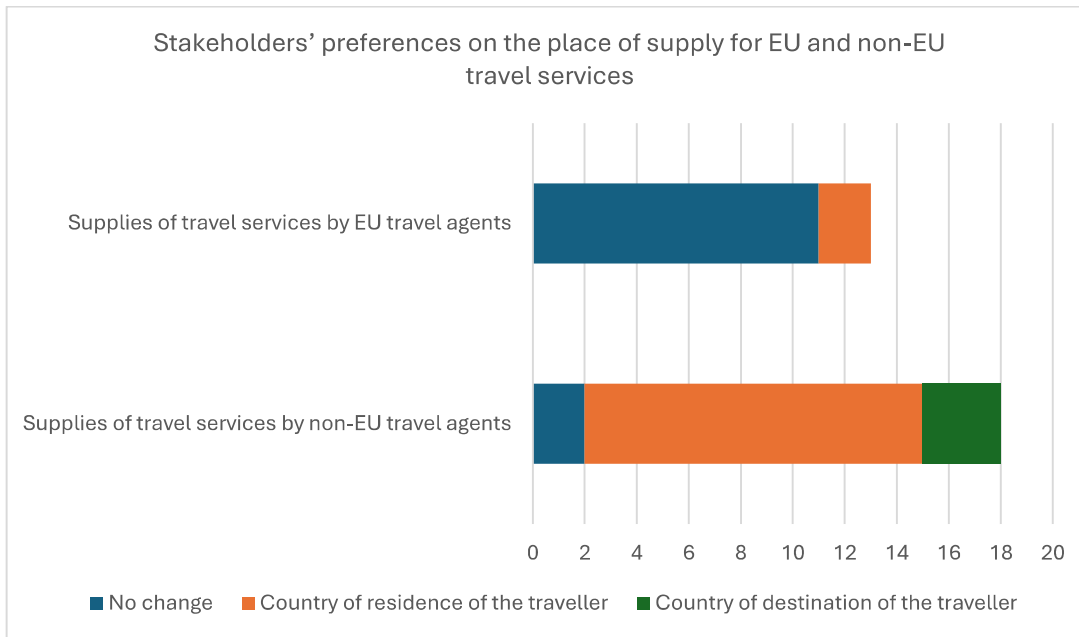
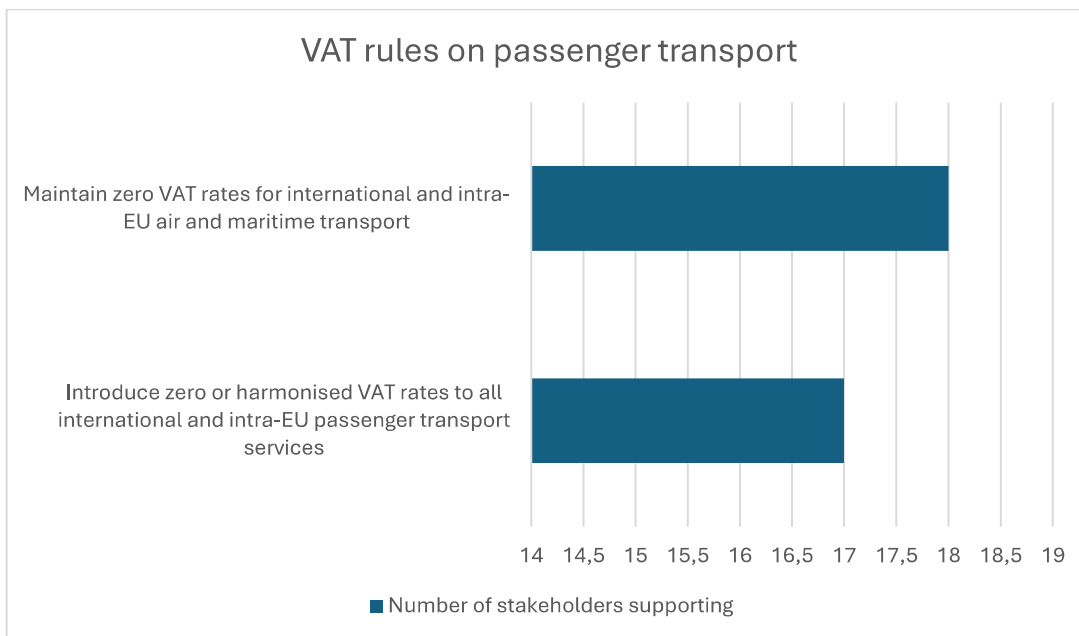


Figure 25: Key proposals related to VAT rules on passenger transport



3. NEXT STEPS

This factual summary provides some key background information and a preliminary overview of the replies to closed questions and position papers.

In a later “synopsis report”, the Commission will conclude on all consultations carried out and feedback received during the project. In particular, the synopsis report will contain a detailed analysis of all contributions to the public consultation (including responses to open questions). It will also incorporate the feedback provided to the Call for Evidence and a review of other

position papers submitted by stakeholders to the Commission. Finally, it will reflect findings from regular meetings with stakeholders and Member States alike.

The analysis of all these consultations will eventually feed into the preparation of an Impact Assessment presenting the overall analysis, findings and options for the review of VAT rules on travel. The synopsis report will be added as specific annex on stakeholder consultations to that Impact Assessment.