

## Sharing Economy and VAT Categories, can the “Prosumer” be a Taxable Person?

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Recent developments of ITC platforms and improved access to information are contributing to the boom of so-called ‘sharing economy’, also known as ‘collaborative economy’ or ‘peer-to-peer economy’. We are all witnessing a new phenomenon: by using the Internet it is becoming easier (and more common) to start small entrepreneurial activities out of private leisure properties, with the consequence that the roles played by consumers and suppliers in the economy are getting closer and mingling with each other. A new kind of consumer is seeing the light: the ‘prosumer’, namely someone who is simultaneously consumer and supplier of the same item. In the case of EU VAT, ‘prosumers’ are challenging the notion of ‘taxable person’, and it is coming the time to wonder whether this VAT category is still fit for the ‘digital era’.

This contribution adopts a legal perspective on sharing economy, and the way in which this topic is dealt with fully reflects this angle. It starts with a description of what sharing economy and the VAT category of taxable person are. After that, the main aspects of the VAT treatment of sharing economy are analysed with the purpose to highlight the potential weaknesses of the current framework.

In particular, the ‘components’ and ‘standards’ forming the VAT category of taxable person are assessed in respect of sharing economy, with a particular focus on the so-called ‘continuing basis’ standard that is necessary to qualify someone as a taxable person. The point is that sharing economy challenges this requirement of stability and is bringing into the system the risk that a differentiated treatment will be applied to wide segments of the same economic sector.

Although the focus is on the category of taxable person, the analysis touches also upon a number of other categories and ‘sub-categories’, especially the ones of taxable transaction, direct link and consideration. Indeed, the relationship between these concepts is often of crucial importance in assessing the economic nature of an activity and whether it falls within the VAT scope.

Finally, some conceptual guidelines for a possible solution are elaborated. It is labelled ‘hybridization’ and consists in the broadening of the scope of the category of taxable person along with the ‘injection’ of some elements of sale taxation into the VAT system. Its purpose would not be to change the current basic elements of this category, nor to introduce a new tax, but rather to make the system able to include prosumers’ activities within the scope of the present consumption taxation.