

# VAT treatment of education services (2/13/19)

On 13 March 2019, the Court of Justice of the European Union (the CJEU) ruled on Case C-647/17 Skatteverket, which analyses the interpretation of article 53 of the VAT directive<sup>1</sup> and how to determine the place of supply of training services. This article explores the CJEU view.

The CJEU analysed whether multi-day corporate accounting and governance seminars for taxpayers according to a predetermined programme of study that a Swedish company held at its facilities in Sweden and elsewhere in the EU, with the company's teaching staff and students travelling to the relevant member state, qualify as events associated with buying tickets and whether their place of supply should be determined according to where they actually take place, or whether they fall under the general principle for determining the place of a transaction.

The CJEU settled case law finds that in determining the place of supply of services we should first check whether the situation corresponds to one of the special cases listed by articles 46-59a of the VAT directive. Only if the situation does not correspond to any of those cases, we should apply articles 44 and 45 of the directive (the general principle for determining the place of supply of services, which corresponds to section 19 of the Latvian VAT Act).

Article 53 of the VAT directive and section 20(1) of the VAT Act provide that the place of supply of services associated with buying tickets, including for education events, which are supplied to taxpayers, is where those events actually take place.

Since the case has no dispute over the seminars being recognised as education seminars, the question is whether they are services associated with buying tickets for an event.

According to Eleanor Sharpston, the Advocate General in the proceedings, services supplied in connection with education events form a single compound service whose essential elements (such as hiring a lecturer, venue, premises, and ancillary services used on the spot) indicate a close physical link to where the event actually takes place. The Advocate General stated that the event involves planning in terms of content, place and time, as well as requiring the customer's physical presence (the person is allowed to enter the premises where the education event is held).

The CJEU invoked article 32 of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax, which provides that services associated with buying tickets for culture, arts, sports, science, education, entertainment or similar events, include supplies of services that consist in granting the right to attend an event in exchange for a ticket or payment, including a subscription, a season ticket, or a periodic payment. This rule is applicable to rights to attend education and science events (such as conferences and seminars).

Given the above rules, the CJEU stated that the service supplied in this case consists in granting the right to attend an education event such as a seminar, and the service is chargeable to VAT in the member states where the training is held. The CJEU answered to the Swedish court's question that article 53 of the VAT directive should be interpreted in a manner which makes it clear that the term "services associated with buying tickets for events" in this provision of law includes a service like the one examined in the main

proceedings, which takes the form of a five-day accounting and governance training course that is held only for taxpayers and requires prior registration and upfront payment.

Latvian taxpayers that hold or attend various seminars might find these CJEU findings useful when it comes to assessing whether the service supplied (acquired) is associated with buying tickets for an education event, where the place of supply is, and where VAT is chargeable and payable.

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<sup>1</sup> Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax