

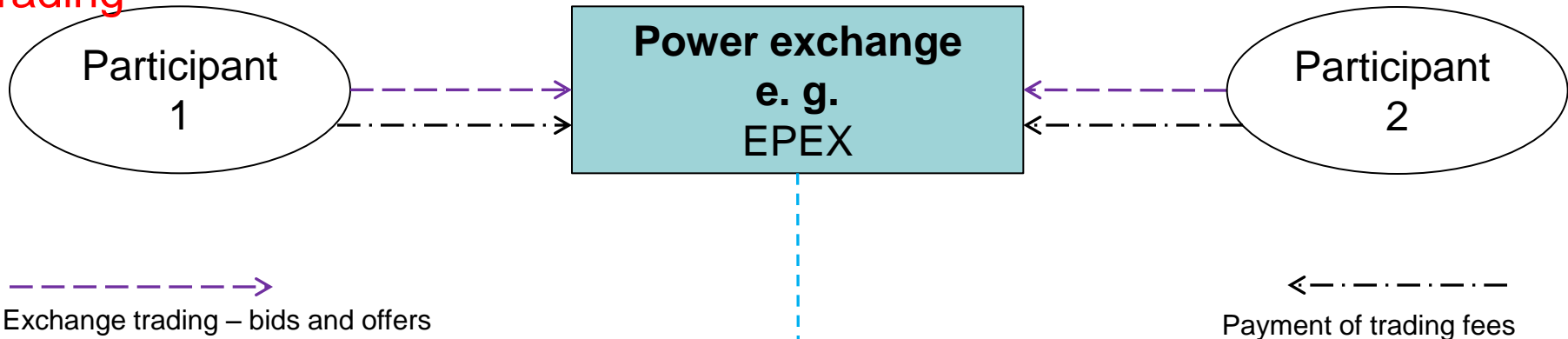


one clear connection

ECC - clearing model spot market

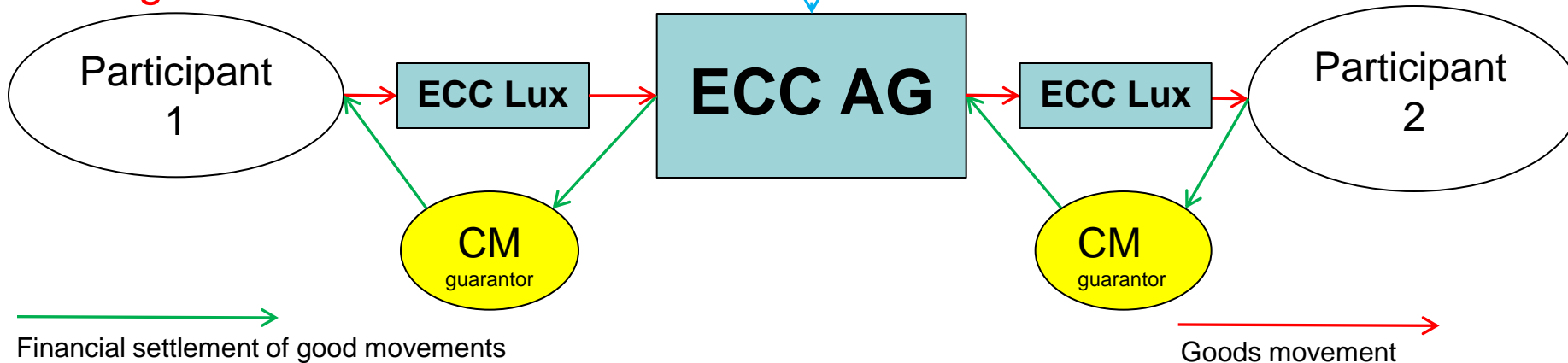
# ECC - general setup of exchange trading and clearing

## Trading



electronic data transfer – commercial and nomination data of exchange transactions

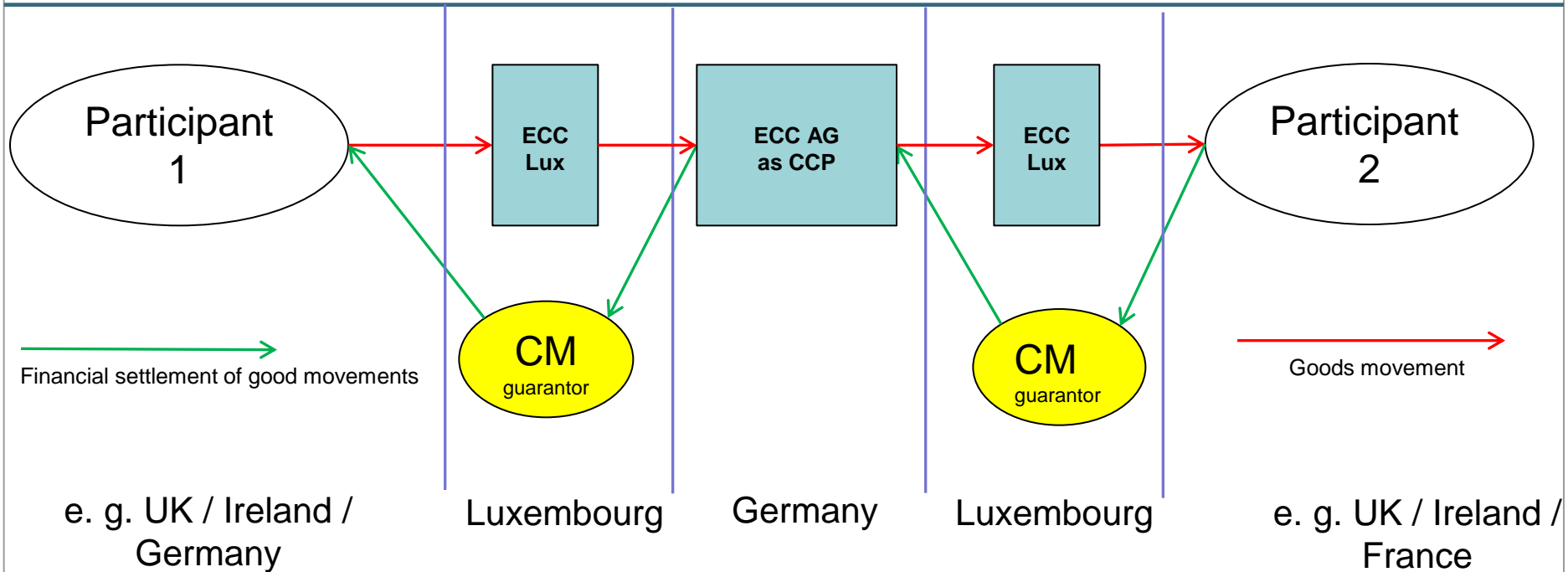
## Clearing



## ECC - general setup of exchange trading

- Exchanges are responsible for organizing the trading platforms and the relevant rules
- For the performed services the exchanges receive trading fees = fees are taxable under VAT aspects
- Finally exchanges give the commercial data of every closed deal on exchange to ECC in an electronic format – the exchanges are not part of the following delivery chain
  
- ECC is independent from power exchanges
- ECC is receiving the commercial data and steps together with ECC Lux between participant 1 and participant 2 according to the clearing conditions – by a contractually relationship
- ECC is responsible for the settlement of the contractually relationship between participants and ECC – nomination and financial settlement
- Targets of this procedure: safeguarding and anonymity of energy trading
- ECC Lux is part of the chain to avoid VAT fraud and to minimize trading obstacles

# ECC – contractual chain



- ECC and most of the trading participants are taxable dealer in sense of article 38 of the VAT directive
- The seat of head quarter or of a branch of the beneficiary determine the relevant VAT rules
- **In cases of different countries of buyer and sellers = international reverse charge mechanism is applicable**
- **domestic reverse charge mechanism or zero-rated systems (e. g. warehouse systems) are not relevant and are not applicable**

## Legal basis of the international reverse charge mechanism

### In the European Community

- COUNCIL DIRECTIVE 2006/112/EC of 28 November 2006 on the common system of value added tax - article 38 and 39:
- <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32003L0092&from=DE>

#### Article 38 VAT directive

1. In the case of the supply of gas through a natural gas system situated within the territory of the Community or any network connected to such a system, the supply of electricity, or the supply of heat or cooling energy through heating or cooling networks to a taxable dealer, the place of supply shall be deemed to be the place where that taxable dealer has established his business or has a fixed establishment for which the goods are supplied or, in the absence of such a place of business or fixed establishment, the place where he has his permanent address or usually resides.

# ECC Luxembourg as taxable person

- ECC Lux is a taxable dealer under a VAT point of view - in sense of article 38 VAT directive
- ECC Lux is registered in Luxembourg only
- There are no branches in other EC countries



European Commission

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## VIES VAT number validation

**Yes, valid VAT number**

<b>Member State</b>	LU
<b>VAT Number</b>	LU 23418829
<b>Date when request received</b>	2017/03/10 14:17:44
<b>Name</b>	EUROPEAN COMMODITY CLEARING LUXEMBOURG S.A R.L.
<b>Address</b>	42, AVENUE J.F. KENNEDY L-1855 LUXEMBOURG

## Exchanges:

- Trading fees are taxable in principle – as electronic services
- Place of VAT taxation to an VAT registered company depends on the seat of beneficiaries of these services
- Example 1: EPEX France to French trading participant = taxable in France – French local VAT treatment
- Example 2: EPEX France to foreign trading participant = taxable in the foreing country - local VAT treatment with reverse charge

## ECC Lux under respect of VAT treatment in Luxembourg

- Most of our trading participants are not registered in Luxembourg for VAT issues
  - ECC Luxembourg is registred only in Luxembourg for VAT issues
  - Clearing fees and the value of good movements are taxable in principle
- ▶ International reverse charge mechanism is applicable in cases of buys and sells between ECC Lux and foreign trading participants!

The information is for guidance purposes only  
and should not be used as a substitute for proper  
professional tax advice.