Distance sales of goods and certain domestic supplies of goods

2018/0415(CNS) - 02/12/2019 - Final act

PURPOSE: to amend the VAT rules for distance selling and certain domestic supplies of goods.

LEGISLATIVE ACT: Council Directive (EU) 2019/1995 amending Directive 2006/112/EC as regards provisions relating to distance sales of goods and certain domestic supplies of goods.

CONTENT: this Directive amends the VAT Directive in order to ensure the functioning of the new VAT rules for e-commerce following the changes introduced by <u>Directive 2017/2455</u> (VAT Directive for e-commerce), which will enter into force in January 2021.

It clarifies in particular:

- the situations in which electronic interfaces such as a marketplace, platform and portal are considered to facilitate sales of goods and services between users and specifies the type of information they must keep on sales made through an electronic interface;
- under which conditions marketplaces will not be liable to pay VAT on supplies of goods in excess of the VAT which is declared and paid on these supplies.

Special scheme

Since a taxable person who facilitates through the use of an electronic interface the supply of goods to a non-taxable person in the Community may deduct, in accordance with existing rules, the value added tax (VAT) paid to suppliers not established in the Community, there is a risk that the latter might not pay the VAT to the tax authorities. To avoid that risk, the supply from the supplier selling goods through the use of an electronic interface shall be exempt from VAT, while that supplier should be granted the right to deduct the input VAT which he paid in respect of the purchase or import of the goods supplied. For that purpose, the supplier shall always be registered in the Member State where he acquired or imported those goods.

Furthermore, suppliers who are not established in the Community, who make use of an electronic interface to sell goods, might hold stock in several Member States and might, in addition to intra-Community distance sales of goods, supply goods from that stock to customers in the same Member State. In order to reduce the administrative burden, those taxable persons who facilitate the supply of goods to non-taxable persons in the Community through the use of an electronic interface, who are deemed to have received and supplied the goods themselves, should also be allowed to use this special scheme to declare and pay VAT for those domestic supplies.

VAT return

The taxable person making use of this special scheme shall submit by electronic means to the Member State of identification a VAT return for each calendar quarter, whether or not supplies of goods and services covered by this special scheme have been carried out. The VAT return shall be submitted by the end of the month following the end of the tax period covered by the return.

The VAT return shall show the VAT identification number referred to in Article 369d and, for each Member State of consumption in which VAT is due, the total value exclusive of VAT, the applicable rates of VAT, the total amount per rate of the corresponding VAT and the total VAT due in respect of the following supplies covered by this special scheme carried out during the tax period:

- intra-Community distance sales of goods;
- supplies of goods where the dispatch or transport of those goods begins and ends in the same Member State;
- supplies of services.

Where the taxable person providing services covered by the special scheme has one or more fixed establishments, other than in the Member State of identification, from which the services are supplied, the VAT return should also include:

- the total value exclusive of VAT, the applicable rates of VAT;
- the total amount per rate of the corresponding VAT and the total VAT due of such supplies, for each Member State in which the taxable person has an establishment;
- the individual VAT identification number or tax reference number of that establishment.

ENTRY INTO FORCE: 22.12.2019.

TRANSPOSITION: no later than 31.12.2020.

APPLICATION: from 1.1.2021.