

VAT rules relating to taxable persons who facilitate distance sales of imported goods and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for declaration and payment of import VAT

2023/0158(CNS) - 17/05/2023 - Legislative proposal

PURPOSE: to advance the concept of a single VAT registration in the Union.

PROPOSED ACT: Council Directive.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: this initiative, together with the [proposal for a Regulation](#) of the European Parliament and of the Council establishing the European Union Customs Code, the European Union Customs Data Hub and the European Union Customs Authority, is part of a broad and comprehensive reform of the Customs Union.

In 2020, distance sales of imported goods in the EU-27 were estimated at EUR 29 billion. In addition, stakeholders indicated that a significant proportion of distance sales of imported goods - indicatively around 10-20% - exceeded EUR 150.

Under the ‘deemed supplier’ scheme provided for in the VAT Directive (Directive 2006/112/EC), where a taxable person facilitates, through the use of an electronic interface, distance sales of goods imported from third territories or third countries, that taxable person is deemed to be the deemed supplier of those goods.

The VAT Directive establishes a special scheme for distance sales of goods imported from third territories or third countries, known as the Import One Stop Shop (IOSS). However, IOSS is only available for distance sales of imported goods whose intrinsic value does not exceed EUR 150. The proposed reform of the customs framework creates a clear justification for removing the EUR 150 threshold, which currently limits the application of IOSS to distance sales of imported goods not exceeding EUR 150.

In addition, under the VAT Directive, where certain conditions are met, the special scheme allows postal operators, express carriers, customs agents and other operators who complete import customs declarations on behalf of the customer to declare and pay monthly the VAT collected on certain imports. The special scheme is limited to goods imported in consignments with an intrinsic value not exceeding EUR 150, excluding products subject to excise duty. Therefore, in order to reduce the compliance burden and costs associated with goods imported in consignments with an intrinsic value of more than EUR 150, the EUR 150 threshold should be removed.

PURPOSE: this proposal seeks to amend Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for

declaration and payment of import VAT. It will further adapt the EU VAT framework by expanding the range of supplies covered by the Import One-Stop Shop (IOSS), Special Arrangements and deemed supplier regime.

The proposal includes three main elements:

1. it is proposed to **extend the application of the deemed supplier rule**, which is currently limited to distance sales of imported goods not exceeding EUR 150, to cover all distance sales of goods imported from a third territory or third country. This extension of the deemed supplier rule is achieved by removing the reference to the EUR 150 threshold. Under its expanded scope, the deemed supplier rule would therefore apply to all distance sales of imported goods into the EU that are facilitated by an electronic interface, irrespective of the intrinsic value of the consignment;

2. it is proposed to **extend the application of the IOSS**, which is currently limited to distance sales of imported goods in consignments of an intrinsic value not exceeding EUR 150, to **cover all distance sales of imported goods, irrespective of their value**. However, products subject to excise duty would remain excluded from the scheme. The extension of the IOSS would help to advance the concept of a single VAT registration in the EU by further limiting the instances in which a taxable person is required to register for VAT in another Member State. This extension of the application of the IOSS is achieved by removing the reference to the EUR 150 threshold;

3. the proposal would **extend the application of the special arrangements** which is currently limited to eligible imported goods of an intrinsic value not exceeding EUR 150, to cover all eligible goods. Products subject to excise duty would remain excluded from these arrangements. The extension of the special arrangements will help to advance the concept of a single VAT registration in the EU by further limiting the instances in which a taxable person is required to register for VAT in another Member State.

Lastly, this proposal is expected to **increase VAT revenues** for Member States as it will improve the collection of VAT. Between 2023 and 2032, the abolition of VAT registration obligations should generate savings of EUR 8.7 billion.