



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax administration
Value added tax

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**VALUE ADDED TAX COMMITTEE
(ARTICLE 398 OF DIRECTIVE 2006/112/EC)
WORKING PAPER No 924 REV8***

**QUESTION
CONCERNING THE APPLICATION OF EU VAT PROVISIONS**

ORIGIN: Commission
REFERENCE: Article 211
SUBJECT: VAT aspects of centralised clearance for customs upon importation – update

* Working paper No 924 REV8 updates Section 1 and Annex 2.

1. INTRODUCTION

Under centralised clearance at import, an importer may lodge an import declaration and pay customs duties at a customs office responsible for the place where he is established, for goods which are presented to customs at other customs offices which may be located in other Member States. The customs office at which the customs declaration is lodged and the customs office at which the goods are presented shall exchange the information necessary for the verification of the customs declaration and for the release of the goods. As the place of importation is the Member State within the territory of which the goods are located when they are released for free circulation, the information exchanged must also include VAT data necessary for the purpose of the declaration and payment of import VAT in the Member State of presentation of the goods.

Two Project Groups (PG) were established under the Customs 2020 Programme to provide input on the development and deployment of the electronic system "Centralised Clearance for Import (CCI)" based on Articles 6(1), 16 and 179 of the [Union Customs Code](#). The PG – "Centralised Clearance Import Design" finished its work and produced a Working Paper on project scope for phase 1, which was used as an input to the Business Case. The scope and functionalities of CCI were analysed and presented in a Final Report of the PG. Since CCI is an extremely complex project with many elements which are handled in the national domain (VAT, statistics, P&R) and many connections with systems operating nationally, a pragmatic approach was agreed upon by the PG. It was agreed that the CCI project will be implemented in two phases starting with CCI Phase 1 to be deployed gradually amongst Member States which are ready to join the CCI system in 2022. This would provide the advantage that a reasonably early deployment could be achieved. The Business Case document on CCI Phase 1 was prepared based on the final Report of the PG, then it was reviewed by Member States and the Trade Contact Group, and approved by the Electronic Customs Coordination Group (ECCG) in December 2017.

The second PG "Centralised Clearance Import Specifications" that has been established to provide input for the Level 4 Business Process Models/Functional System Specifications package (L4 BPMs/FSS package) has finished its work and the outcome was reflected in a PPT which accompanies the L4 BPMs/FSS package for CCI Phase 1. The CCI electronic system should provide for a harmonised and automated exchange of information between the customs office of declaration and the customs office of presentation of the goods necessary for the verification of the customs declaration and for the release of the goods. It should also provide for a harmonised solution for the VAT data to be exchanged between these customs offices for the purpose of the declaration and payment of import VAT in the Member State of presentation of the goods.

The L4 BPMs/FSS package for CCI Phase 1 was formally approved on 30 October 2018 by ECCG. In parallel, the CCI Phase 1 Vision Document was created and was approved on 29 June 2018. The Technical System Specifications for CCI Phase 1 were finalised and formally approved on 9 October 2020 by ECCG. This gives the Member States the possibility to start the work on their implementation for the development of the national CCI systems. TAXUD has started a common work with France and Spain (as an initiative of Member States) to support them for the development of the system at national level. It is planned that France and Spain will join the EU CCI system Phase 1 operation in Q3 2022.

In parallel, the activities related to CCI Phase 2 have started, as it will be an additional layer to incorporate the import declaration types and goods initially excluded from Phase 1 in the UCC CCI system. The implementation of CCI Phase 2 should give the possibility to gather all procedures in one central customs handling organisation, as well as the full completion of the automation of all possible CCI scenarios and processes to gain the maximum benefit from the concept of centralised clearance at European level. The Business Case document for the UCC CCI Phase 2 has been created by TAXUD Unit B1 with support of other TAXUD units, then reviewed by Member States and the Trade Contact Group and formally approved at ECCG/TCG of 2 October 2019.

The UCC CCI Phase 2 L4 BPM/FSS package has been created in close collaboration with the interested Member States and with the support of PG “UCC CCI Functional Specifications Phase 2”. Then it was published for the external review by the Member States and traders. The final version of the UCC CCI Phase 2 L4 BPM/FSS package has been formally approved by Member States and Trade Contact Group by written procedure in the beginning of August 2020. The UCC CCI Phase 2 Vision document was approved by ECCG on 30 December 2020. The next steps on UCC CCI Phase 2 project will be the activities related to the creation of the Technical System Specifications.

The purpose of this working document is twofold:

- To inform the VAT Committee of the state of play of discussions in the Customs 2020 Project Group on the VAT solution on the table and to collect possible observations of the delegates;
- To update the information on the application by Member States of deferred payment and postponed accounting for the payment of import VAT, as the application of either of these payment systems is a prerequisite for Member States to participate in centralised clearance for imports on their territory.

2. SUBJECT MATTER

2.1. Authorisation for centralised clearance

When two or more Member States are involved, the application for centralised clearance is subject to an authorisation that allows an operator to lodge at the customs office competent for the place where he is established (the supervising customs office/Member State or "SCO/SMS") the customs declarations for goods presented at a customs office in another Member State (the presentation customs office/Member State or "PCO/PMS"). To obtain such an authorisation, the applicant must have the Authorised Economic Operator status for customs simplifications ("AEOC").

The authorisation should also include the VAT requirements for submission of import VAT data of each presentation Member State (i.e. of each Member State where goods may be imported). In particular, it should specify the method of payment of import VAT in each presentation Member State, which should be deferred payment or postponed accounting:

- **Deferred payment** means that the payment of the import VAT to customs is deferred for a nationally determined period. This is covered by Article 211, first paragraph, of

the VAT Directive¹ which provides that Member States shall lay down the detailed rules for payment of the import VAT;

- **Postponed accounting** means that import VAT is accounted for and paid with other VAT obligations in the periodic VAT return. This is covered by Article 211, second paragraph, of the VAT Directive.

All Member States apply either postponed accounting, or deferred payment or both.

The obligation of the authorisation holder to obtain a VAT number or to appoint a fiscal representative in the presentation Member State should also be clarified during the consultation procedure between the supervising Member State and the presentation Member State prior to granting the authorisation so that the applicant can comply with his obligation before the granting of the authorisation.

2.2. Import declarations under centralised clearance

The economic operator should make **customs declarations** and pay customs duty in the supervising Member State. These will include declarations for goods physically released for free circulation in the presentation Member States.

In addition, the economic operator is required to make **import VAT declarations** and pay import VAT in each presentation Member State, for imports taking place within their territories. The data to be communicated, the format and the timescale for submission of the import VAT declaration are not harmonised and depend on the requirements of each participating Member State. The 'basic import VAT requirements' of each Member State are described in Annex II of the document [Simplifications – Title V UCC – Guidance for Member States and Trade](#).

3. THE COMMISSION SERVICES' OPINION

3.1. The way forward for declaration and payment of import VAT

As indicated in the introduction above, the two Customs 2020 Project Groups on the development and deployment of the electronic system "Centralised Clearance for Import Phase 1 (CCI 1)" provided their conclusions which also include a harmonised solution for the VAT data to be exchanged between these customs offices for the purpose of the declaration and payment of import VAT in the Member State of presentation of the goods. The VAT data that can be included in an import declaration are the following:

- The method of VAT payment (deferred payment or postponed accounting);
- The VAT taxable amount;
- The VAT rate;
- The VAT amount to be paid.

The solutions under discussion differ depending on the method of VAT payment. They are set out in sections 3.2 and 3.3 below.

¹ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

3.2. Deferred payment

In the case of use of deferred payment in the presentation Member State, the supervising Member State should require the submission of additional data (in addition to the method of payment) concerning the import VAT due in the presentation Member State. As the national IT applications of the Member States generally cannot handle VAT rates of other Member States, it will not be possible to mention the VAT rate(s) applicable and VAT amounts due in the presentation Member State in an electronic customs declaration submitted in the supervising Member State. **As a consequence, the only VAT data element that could be provided in addition to the method of payment is the VAT taxable amount²**, which should be sufficient for the presentation Member State to correctly assess and levy the import VAT due.

The supervising Member State validates the customs declaration and immediately sends it to the presentation Member State. In this way, it is ensured that the presentation Member State receives all the relevant data required for the calculation, payment and control of the import VAT. This VAT will have to be paid to the customs authorities of the presentation Member State, in accordance with the procedure determined by that Member State. This may require a separate (possibly global) customs declaration for import VAT purposes.

3.3. Postponed accounting

In the case the operator is authorised to use postponed accounting in the presentation Member State, a reference to that authorisation should be included in the customs declaration submitted in the supervising Member State (data element 14 03 038 000 – Method of payment³). **No further details regarding import VAT should be mentioned in the customs declaration.** The importer will be liable to account for the import VAT in his periodic VAT return to be submitted to the fiscal authorities of the presentation Member State.

The supervising Member State validates the customs declaration and immediately sends it to the presentation Member State. The customs of the presentation Member State shall transfer this information to their tax authorities in line with national procedures. In this way the presentation Member State will have all the data required to cross-check the information provided by the importer in a customs declaration and in a VAT return and to control whether the postponed accounting was used correctly. Hence, no separate customs declaration for VAT purposes should be required in the presentation Member State.

3.4. State of play of discussions

The solutions set out in sections 3.2 and 3.3 were discussed by the Customs 2020 Project Group on 9 January and 13 March 2017 and were largely supported by the participating Member States and trade representatives. To further simplify the IT development of the electronic system "Centralised Clearance for Import (CCI)", some participating Member States suggested not making a distinction depending on the method of payment of import

² The VAT taxable amount upon importation equals the customs value plus customs duties and expenses (packing, transport and insurance costs, etc.) up to the first place of destination in the Member State of importation.

³ The Union Customs Code in its Annex B defines postponed accounting as 'Postponed payment – VAT system (Article 211 of Directive 2006/112/EC)' under code G as one of the method of payment.

VAT in the presentation Member State. Hence, the VAT data to be exchanged between the supervising Member State and the presentation Member State should always include the following VAT data:

- Method of VAT payment; and
- VAT taxable amount.

This suggestion was supported by most of the participants.

In addition, to further promote the use of centralised clearance, the following recommendations were put forward:

- (1) Member States should as much as possible allow for the use of postponed accounting for the payment of import VAT in the presentation Member State. This would make a supplementary customs declaration for VAT purposes redundant in the presentation Member State.
- (2) Where deferred payment of import VAT applies, the presentation Member State should consider not requiring a guarantee as a condition for using deferred payment, as operators authorised to use centralised clearance always have AEOC status.
- (3) When deferred payment is used, the operators concerned should be allowed to make use of global (monthly) declarations for the payment of VAT.

3.5. View of the Commission services on solutions proposed

One of the main barriers for a more extensive use of centralised clearance has always been the fact that a supplementary declaration is required for the payment of VAT in the presentation Member State and that the procedures for declaring and paying the VAT in the presentation Member States are not harmonised. The Commission services therefore strongly support the solutions described in section 3.4 providing for a harmonised and automated procedure for the exchange of VAT data between the supervising Member State and the presentation Member States, as well as the additional recommendations, further simplifying the use of centralised clearance. Indeed, the new CCI system will work seamlessly the best if all Member States allow postponed accounting.

3.6. Update

All Member States apply either postponed accounting, or deferred payment or both. Information of the use initially collected can be found in Annex 1. This information has since been verified and updated by Member States. The updated information can be found in Annex 2.

4. DELEGATIONS' OPINION

The delegations are requested to take note of the updated information in section 1 on the work of the customs project groups and to check whether the information for their Member State in Annex 2 is still correct.

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Extract from Deloitte report on VAT payment and collection regimes

Member States	IMMEDIATE PAYMENTS	POSTPONED ACCOUNTING VIA VAT RETURN	DEFERRED PAYMENT FOR VAT AND CUSTOMS (SIMILAR DELAY)	SPECIFIC DEFERRED PAYMENT FOR VAT PURPOSES ONLY	DEFERRED PAYMENT FOR CUSTOMS ONLY
Austria	X	X	X		
Belgium	X	X		X	X
Bulgaria	X	X	X		
Cyprus	X		X		
Czech Republic	X	X			X
Denmark	X	X	X		
Estonia	X	X	X		
Finland	X		X		
France*	X		X	X	
Germany	X		X		
Greece	X	X	X		
Hungary	X	X			X
Ireland	X		X		
Italy*	X		X	X	
Latvia	X	X	X		
Lithuania	X	X	X		
Luxembourg	X	X			X
Malta	X	X	X		
Netherlands	X	X			X
Poland	X	X	X		
Portugal	X			X	X
Romania	X	X	X		
Slovakia	X		X		
Slovenia	X	X	X		

* Similar deferred payment for customs duties and VAT **and** additional/derogatory delay for import VAT applicable in these Member States.

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Member States	IMMEDIATE PAYMENTS	POSTPONED ACCOUNTING VIA VAT RETURN	DEFERRED PAYMENT FOR VAT AND CUSTOMS (SIMILAR DELAY)	SPECIFIC DEFERRED PAYMENT FOR VAT PURPOSES ONLY	DEFERRED PAYMENT FOR CUSTOMS ONLY
Spain*	X		X	X	
Sweden	X		X		
United Kingdom	X		X		

* Similar deferred payment for customs duties and VAT **and** additional/derogatory delay for import VAT applicable in these Member States.

**VAT payment and collection regimes
based on information obtained from Member States**

Member States	IMMEDIATE PAYMENTS	POSTPONED ACCOUNTING VIA VAT RETURN	DEFERRED PAYMENT FOR VAT AND CUSTOMS (SIMILAR DELAY)	SPECIFIC DEFERRED PAYMENT FOR VAT PURPOSES ONLY	DEFERRED PAYMENT FOR CUSTOMS ONLY
Austria	X	X	X		
Belgium	X	X		X	X
Bulgaria	X	X ¹	X		
Croatia	X	X ²	X		
Cyprus	X		X		
Czech Republic	X	X	X		
Denmark	X	X	X		
Estonia	X	X	X		
Finland	X	X			X
France*	X	X	X	X	
Germany*	X		X	X ³	
Greece	X		X		
Hungary	X	X	X		
Ireland	X	X	X		
Italy*	X	X ⁴	X	X	
Latvia	X	X	X		
Lithuania	X	X	X		
Luxembourg	X	X			X
Malta	X		X		
Netherlands	X	X	X		X
Poland	X	X	X		
Portugal*	X	X ⁵	X	X	
Romania	X	X ⁶			
Slovakia	X		X		
Slovenia	X	X	X		
Spain*	X	X ⁷	X	X	

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Sweden	X	X	X		

* Similar deferred payment for customs duties and VAT **and** additional/derogatory delay for import VAT applicable in these Member States.

- ¹ Postponed accounting is possible as of 1.7.2019 for the importation of certain types of goods (explicitly listed in appendix No. 3 as per Article 167a of the VAT Act). These include ferrous and non-ferrous metals, ores, organic and non-organic chemical products. At the import date, the taxable person fulfils all the following criteria: (i) Each good is declared in the import customs document is of customs value equal or above 50 000 leva; (ii) VAT is registered on the basis of exceeding the turnover above 50 000 leva, carrying our supplies of goods with installation or on voluntary basis, for at least 6 months before the importation; (iii) The person has no due and payable outstanding public liabilities collected by the National Revenue Agency.
- ² For certain machinery and equipment worth more than HRK 1 000 000.00 (one customs declaration for release for free circulation or one approval for the application of General Rule 2A in the case of a gradual import on the basis of additional note 3 to Section XVI and additional notes 2 to Section XVII of Annex I to Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256 of 7 September 1987).
- ³ A new paragraph 3a was inserted in section 21 of the German VAT Act (Umsatzsteuergesetz - UStG) by Article 3(1) of the Second Act Implementing Tax Assistance Measures to Combat the Coronavirus Crisis, of 29 June 2020 - Second Coronavirus Tax Assistance Act (Federal Law Gazette part I, p. 1512). Accordingly, by way of derogation from the customs legislation, import VAT, which is subject to a payment deferral pursuant to Article 110(b) or (c) of Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013, laying down the Union Customs Code, is due on the 26th day of the second calendar month following the month in question. The amendment entered into force on 1 July 2020.
- ⁴ Import of gold and semi-manufactured products of a purity of 325 thousandths or greater, silver in ingots or grains, gas, electricity, waste and scrap of ferrous and non-ferrous metals, waste paper, rags, scrap bone, leather, glass, rubber and plastics and recovered used wooden pallets.
- ⁵ From 1.9.2017 for goods listed in Annex V of the VAT Directive and from 1.3.2018 for all imports of goods.
- ⁶ For:
 - Persons who, in the previous calendar year or in the last 12 months, have made imports from third territories and third countries whose aggregate value is RON 100 million or more and which fulfil certain conditions (do not have outstanding budgetary obligations, do not have any debts to the customs authority, are registered for VAT purposes for at least one calendar year and are not in insolvency/reorganisation/judicial winding-up (liquidation));
 - Authorised Economic Operators (AEO);
 - Persons who have obtained authorisation for the local clearance procedure.
- ⁷ Optional for taxable persons submitting monthly VAT returns.