



VAT e-commerce

Special arrangements if the IOSS is not used

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VAT Expert Group



Summary:

- **Abolish import exemption** for consignments of a value \leq EUR 10-22
 - All distance sales from third countries to the EU are subject to VAT upon importation
- Simplify the collection of import VAT **where the IOSS is not used**: global monthly declaration and payment of import VAT. Conditions:
 - Imported goods are not declared under the VAT One Stop Shop
 - Goods not exceeding EUR 150 and are not subject to excise duties
- Standard import arrangements (full customs declaration) can still be used
- Data of application: **1/1/2021**

Why

- Significant increase in number of consignments subject to VAT with the removal of the import VAT exemption
- Allows efficient and speedy clearance procedures, in particular for postal operators





What?

- The MS of importation shall allow the use of simplified [customs] procedures for monthly global declaration and payment of import VAT
- VAT remains payable to the customs office of importation:
 - The customer is liable to pay the import VAT
 - Such VAT shall be collected from the customer by the declarant (mainly the post or express couriers) who presents the goods to customs
 - The declarant must only pay VAT to the customs office of importation if VAT has effectively been collected from the consignee, i.e. to avoid burdensome refund procedures in case of refusal of the goods by the customer
- MS may allow the systematic use of the standard rate of VAT:
 - Facilitate the declaration process for the declarants (mainly the post or express couriers)
 - Prevent potential difficulties to apply reduced VAT rates on a high number of small consignments
- Returns of goods after delivery will follow similar procedure as today (e.g. directly between the final consumer and the Customs office)
- Only applies when the customer is in the MS of importation



How can be this achieved:

- Customs procedure code :
 - Existing procedure code (data element 1/10): procedure code 40 (indicates release in free circulation);
 - Existing additional procedure code (data element 1/11): C07 (indicates Article 23 of Regulation 1186/2009 – goods of negligible value)
 - Existing method of payment code (data element 4/8): deferred payment
 - The MS should allow systematically the use of simplified customs declaration in this specific situation, e.g.:
 - Simplified customs declaration only containing data required for VAT collection (Article 166 UCC), which could allow waiving the supplementary declaration (Article 167(2)(b) UCC)
 - Entry into the declarants records (Article 182 UCC)
- ! Reminder – for all types of consignments electronic information will have to be submitted to Customs before their entry in the EU !**
- The MS could use Article 220(2) of the UCC IR for all consignments (not just postal) to allow that only VAT effectively collected is reported and paid under the VAT special arrangement
 - The MS should allow systematically the use of deferral of payment in customs as per Articles 110 and 111 of the UCC



Please send comments to the Commission:

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- By 2 March 2018

Thank you!

