

## DRAFT FINANCE BILL FOR 2020

### Summary of VAT measures

#### 01 | Transposition of the Council Directive (EU) 2018/1910 of December 4<sup>th</sup>, 2018 for VAT purposes (*article 10 of the draft finance bill*) – measures applicable as of January 1<sup>st</sup>, 2020

- VAT identification number: the valid identification number of the customer becomes an additional substantive condition for benefiting from the exemption on intra-EU supplies of goods
- Creation of a common framework establishing the proofs required to benefit from the exemption on intra-Community supplies of goods
- Simplification and harmonization at Community level of the treatment of call-off stocks
- Uniformization of criteria for chain transactions

#### 02 | Transposition of the Council Directive (EU) 2017/2455 of December 5<sup>th</sup>, 2017 on the VAT treatment of electronic commerce (*article 53 du PLF*) – measures applicable as of January 1<sup>st</sup>, 2021

- **New regime for distance sales of goods**
  - Suppression of tax thresholds in the country of arrival (€35,000 or €100,000 depending on the Member State)
  - Introduction of a common threshold of €10,000 below which remote sales of goods will be taxed in the country of departure of the goods
  - Extension of the « MOSS » for all cross-border remote sales of goods to non-taxable customers
  - Creation of a single desk for all taxable persons making remote sales of goods
- **New regime for distance sales of goods imported**
  - New definition of distance sales of goods imported as a supply of goods to a non-taxable legal person – whose intra-Community acquisitions are not subject to VAT – or non-taxable
  - Suppression of the import VAT exemption for small consignments with a maximum value of €22 in the EU
  - Introduction of a single desk called « *Import One Stop Shop* » (*hereinafter IOSS*) covering only goods imported that have been the subject of a remote sale whose intrinsic value per shipment does not exceed €150 (a single shipment may contain several goods)

- Person liable for VAT: if the transaction has been facilitated by the use of a digital interface, the person liable for VAT will be the interface. Otherwise, the person liable to pay will be the supplier of the goods

### 03 | Measures against fraud

- **Obligation for logistics warehouse operators to provide information (Article 54 of the draft finance bill) – measure applicable to operations occurring as from December 1<sup>st</sup>, 2019**
  - Warehouses in France must keep at the disposal of the tax authorities the information necessary to identify the owners of the goods sold, to define the nature, origin, destination and volume of the flows of goods imported
  - The objective will be to cross-check the data obtained when filing the declaration provided for in Article 242 bis of the FTC
- **Publication of the list of platforms that do not cooperate with the tax authorities (Article 55 of the draft finance bill) – implementing rules for this measure to be defined by Decree**
  - Creation of a sanction consisting in publishing on the internet the identity of platform operators who do not respect their tax obligations
  - This sanction will be applicable to platform operators who, after having been subject to one of the measures provided for in the text, will again be subject to one of these measures within the following twelve months
  - This publication, which may not be longer than one year, will be withdrawn as soon as the platform has paid the sums (taxes or fines) due to which it was published
- **Possibility for tax and customs administrations to collect and use data made public on the websites of social networks and platform operators (Article 57 of the draft finance bill) – Implementing rules for this measure to be defined by Decree**
  - In order to fight against fraud, the tax administration and the customs and indirect taxes administration will have the possibility to collect and exploit, by means of computerized and automated processing, the content published on the internet by users of online platform operators
  - Experimentation for a period of 3 years

### 04 | Other measures

- **VAT rate reduction on certain social rental housing under the social housing investment pact (Article 8 of the draft finance bill) – measure applicable as from January 1<sup>st</sup>, 2020**
  - Reduction of the VAT rate from 10% to 5,5% applicable to certain social housing
- **Clarification of the VAT regime for undertaking for collective investment in transferable securities (UCITS) (Article 9 of the draft finance bill) – measure applicable as from January 1<sup>st</sup>, 2020**
  - It is intended to align national legislation with the principles determined by European law and in particular Article 1(2) of the Directive 2009/65/CE of the European Parliament and of the Council of July 13<sup>th</sup>, 2009 and the case law of the ECJ which has defined what is to be meant by « collective investment undertaking with characteristics similar to UCITS »
  - Based on the information at our disposal, an FTA guideline project has already been drafted to this effect

- **Implementation of electronic invoicing in business-to-business relations and submission of a report on the conditions for its implementation (*Article 56 of the draft finance bill*) – measure applicable between January 1<sup>st</sup>, 2023 and January 1<sup>st</sup>, 2025**
  - Invoices issued in B2B relations will have to be issued in electronic format and the data included therein will have to be sent to the administration for their exploitation in order to modernize the VAT control procedures
  - The Government shall submit a report to the Parliament before September 1<sup>st</sup>, 2020 on this subject
  
- **Simplification of the VAT recovery on imports from businesses (*Article 60 of the draft finance bill*) – measure applicable as from January 1<sup>st</sup>, 2022**
  - The draft finance bill provides for a unification of the declaration and recovery of VAT due by businesses
  - The VAT due on importation will be managed as ordinary VAT, i.e. declared, paid and deducted to tax authorities and no longer to Customs authorities
  - This measure will only apply to B2B relations, and will exclude imports by non-taxable persons (B2C) for which VAT will continue to be collected by Customs authorities

## **VAT TEAM – ARSENE**