

## **IMPORT OF GOODS INTO THE EUROPEAN UNION AND SALES OF GOODS TO COMPANIES AND TO PRIVATE INDIVIDUALS**

### **SITUATION**

The concerning companies are planning to import goods into the European Union (further: EU) through the Netherlands and to sell these goods within the borders of France. For these sales they will use the website and the FC of your customers in amongst others France.

### **VAT PROCEDURES IN THE EU**

#### **IMPORT VAT**

In order to be able to use the reverse charge rule for the import VAT, the import into the EU will be performed in the Netherlands with the use of a fiscal representative with a general or limited license. Then a so called intra-Community delivery will be made to (in this case) France.

#### **INTRA-COMMUNITY DELIVERIES AND INTRA-COMMUNITY ACQUISITIONS FROM THE NETHERLANDS TO FRANCE**

Intra-community deliveries are deliveries between two companies in two different EU countries. For these deliveries a <sup>1</sup>reverse charge rule for VAT have to be applied. The VAT Identification number of as well the seller as the buyer of the goods have to be mentioned on the invoice and 0% VAT can be charged. After the import in the Netherlands the goods will be forwarded to a FC in France. Due to the general EU VAT legislation, normally the buyer of the goods have to declare a so called intra-Community acquisition on his regular VAT return in the country of receipt, or in case of a movement of own goods between two different EU countries the owner of the goods have to declare the intra-Community movement as a intra-Community delivery from the NL VAT-number and as a intra-Community acquisition to the FR VAT-number.

IN FRANCE HOWEVER, IN CASE A FOREIGN COMPANY DELIVERS TO ONLY TO FRENCH COMPANIES, THE VAT SHIFTS TO THE FRENCH COMPANY ACCORDING TO ARTICLE 283-1 OF THE FRENCH CODE.

The French company have to include the intra-Community acquisition from the Netherlands in their VAT declaration and they have to take care of the intrastat<sup>2</sup> declaration too.

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<sup>1</sup> The VAT shift to the recipient. The recipient has to mention the VAT on their VAT return and can deduct it on the same VAT return.

<sup>2</sup> An intrastat declaration is a declaration concerning the movement of goods between two EU countries

In case the goods are in a FC for a longer period than 3 months the foreign company is obliged to register for intrastat purposes in France. The French company still have to include the intra-Community acquisitions in their VAT declaration, but the foreign company is responsible for filing the intrastat declaration in France.

**IN CASE THE FOREIGN COMPANY ALSO EXPORTS GOODS FROM FRANCE OUTSIDE THE EU OR IS SELLING GOODS FROM FRANCE TO OTHER EU COUNTRIES OR TO PRIVATE INDIVIDUALS A VAT REGISTRATION IS OBLIGED.**

### **DELIVERIES TO PRIVATE INDIVIDUALS (SO CALLED DISTANCE SALES)**

For deliveries to private individuals (further PI) special VAT legislation is applicable in all the EU countries. VAT is a so called consuming tax. Therefore the PI (as the consumer) have to pay the VAT (companies can reclaim the VAT on their regular VAT return, but PI cannot).

### **DELIVERIES FROM THE NETHERLANDS TO PI IN FRANCE**

19% Dutch VAT can be charged until the threshold for deliveries to PI in France (100.000 EUR) has exceeded. In order to avoid that companies only deliver to PI from the EU country with the lowest VAT rate after the threshold have been exceeded a VAT registration in that country is obliged.

HOWEVER, IN THIS CASE VOLUNTARY VAT REGISTRATION BEFORE EXCEEDING THE THRESHOLD IS POSSIBLE.

So the customers of your client can immediately register for VAT in case of deliveries to PI in France. The intra-Community delivery from the Netherlands to France then will be on the French VAT number of the customers of your client and the sales to PI will be considered to be domestic sales within the borders of France with 19,6% French VAT (or in case of sales of foods and drinks 5,5% VAT).

## **SUMMARY REGISTRATION FOR VAT AND INTRASTAT PURPOSES IN FRANCE**

### **VAT REGISTRATION**

- In case of deliveries from France to companies in other EU countries;
- In case of exports from France;
- In case of deliveries to PI in France;
- In case of deliveries to foreign companies within the borders of France.

### **INTRASTAT REGISTRATION**

- In case of storage of goods for longer than 3 months in a warehouse (FC) in France.

### **OBLIGATIONS FOR VAT REGISTRATION IN FRANCE**

- A mandate of representation in favour of Cosmopolite;
- An Escrow Account;
- A power of attorney;

## **COSMOPOLITE GROUP**

We can offer the following services:

- Register for VAT and act as a fiscal representation for VAT purposes in the EU countries, Norway and Switzerland;
- Compile and file regular VAT declarations, EC Sales lists, Intrastat declarations, annual declarations;
- Take care of contact and correspondence with the tax authorities;
- Direct and assist in case of an audit;
- Assist your company with the (obliged) layout of sales invoices;
- Keep your company informed about changes in the EU VAT legislation.