

## **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 Germany. For these sales they will use the website and the FC of your customer in amongst others Germany.

### **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) Germany.

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

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 Germany. Due to the general EU VAT legislation, 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 their German VAT-number.

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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.

### **DELIVERIES TO COMPANIES BASED IN THE GERMANY**

After the intra-Community acquisition in the Germany, the domestic deliveries from the FC in Germany to companies based in the Germany are taxable with 19 % German VAT (or in case of sales of (or in case of sales of certain categories of goods or services e.g. most kinds of food and related raw materials, printed products and the transfer or assignment of copyrights 7% German VAT).

### **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 GERMANY**

19% Dutch VAT can be charged until the threshold for deliveries to PI in Germany (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 Germany. The intra-Community delivery from the Netherlands to Germany then will be on the German VAT number of the customers of your client and the sales to PI will be considered to be domestic sales within the borders of Germany with 19% German VAT (or in case of sales of certain categories of goods or services e.g. most kinds of food and related raw materials, printed products and the transfer or assignment of copyrights 7% German VAT).

In case the goods are stocked in the FC in Germany and then delivered to a PI in Germany an immediate VAT registration also is required. The threshold only counts for goods send from the NL directly to a PI in Germany.

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

#### **VAT REGISTRATION**

- In case of domestic deliveries to a German company;
- In case of deliveries from Germany to companies in other EU countries;
- In case of exports from Germany;
- In case of deliveries to PI in Germany;
- In case of deliveries to foreign companies within de borders of Germany.

**OBLIGATIONS FOR VAT REGISTRATION IN GERMANY**

- A mandate of representation in favour of Cosmopolite's agent;
- Questionnaire;
- Original certificate of VAT registration in your country (less than three months old), for the US company; document n° 6166;
- Copy of the Certificate of Incorporation

**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.