

Simplification and harmonisation of VAT on intra-Community goods transactions

On 4 December 2018, Council Directive (EU) 2018/1910 amending Directive 2006/112/EC as regards the harmonisation and simplification of certain rules for value added tax arrangements in respect of the taxation of trade between Member States (henceforth the Directive) was published in the Official Journal of the European Union on 4 December 2018. The Directive adopted a package of measures aimed at simplifying and harmonising intra-Community transactions in goods about the treatment for VAT purposes. **The date of entry into force of this set of measures is 1 January 2020.**

As a consequence of the foregoing, on 1 October 2019 the Directorate General of Taxes of the Spanish Ministry of Finance published the corresponding Draft Law which contains simplification and harmonization measures with the aim of adapting our internal regulations to the provisions established by the Directive.

Although this document is subject to public information procedures, insofar as no postponement of the entry into force of the package of measures adopted by the Directive has been foreseen, they will be fully applicable from **1 January 2020**.

This package of measures, commonly referred to as “Quick fixes” and applicable to all Member States falling within the territorial scope of Directive 2008/118/EC, comprises in general terms the following simplifications:

Simplification and harmonisation of the VAT treatment of consignment sales

The current regulation in relation to this type of operations is patchy. The aim has been to define the concept of “consignment sales” on the one



hand and to unify criteria on the other. At present, provided that certain requirements are met, these transactions involve an intra-Community supply of goods at source, and an intra-Community acquisition of goods subject to VAT in the territory in which the tax is levied, the customer holding the right to dispose of the stock being a taxable person. However, this system was not common to all Member States.

In order to harmonize this treatment in all Member States, a regime identical to the one described above is established, although requirements are established for the accounting recording of the operation, maximum storage periods and reporting obligations in the corresponding recapitulative declarations.

Simplification and harmonisation of the VAT treatment of supply chains

The tax regime applicable to so-called “chain sales” consisting of successive supplies of goods, the subject of a single intra-Community transport from the Member State of origin of the goods to the Member State of destination, is clarified.



For these purposes, the relevant criterion for determining the exemption applicable to intra-Community supply will depend on the supply to which the transport of the goods is linked.

For the purpose of unifying criteria, an exempt intra-Community supply shall be deemed to be the supply made by the intermediary supplier, provided that the intermediary supplier or a third party acting in the name and on behalf of the intermediary supplier is responsible for the transport of the goods and communicates to the initial supplier a VAT ID number issued by the tax authorities of a Member State other than that of origin of the goods.

As in the previous case, the accounting and reporting requirements for these operations are reinforced in the recapitulative declarations.

Amendment of requirements for the application of the exemption in the context of an intra-Community supply of goods

The concept of intra-Community supply of goods has been modified in such a way that, from 1 January 2020, the obligation to have the corresponding VAT- NIF and to report these transactions in the recapitulative declaration of intra-Community

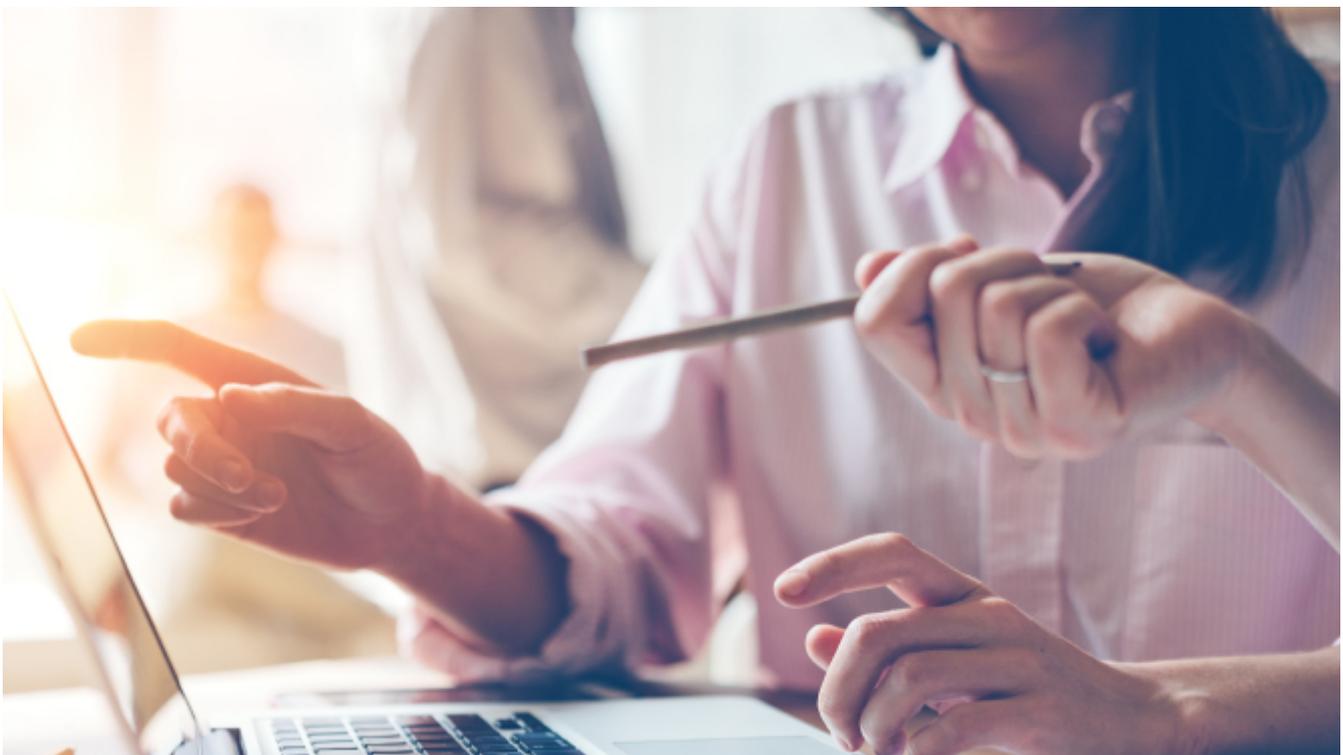
transactions is established as a substantive requirement for applying the exemption.

In addition, a new definition of “intra-Community supply” is included in order to include consignment sales.

Amendment of the accrual rules in the case of intra-Community supplies of goods and/or intra-Community acquisitions of goods, in the case of transactions known as “consignment sales”

In these cases, the Preliminary Draft modifies the rules of accrual of these operations, so that, in the case of intra-community acquisitions of goods, these will be considered to have been carried out at the time when the customer disposes of the stock and the VAT instalments will be accrued on the 15th of the month following the month in which the disposal takes place.

In the case of intra-Community supplies of goods, VAT shall become chargeable on the 15th of the month following that in which dispatch or transport begins, irrespective of the fact that these operations shall be exempt provided that certain conditions are met.



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