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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Council Directive amending Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for declaration and payment of import VAT - Adoption of the legislative act

1. On 11 March 2025, the Council adopted the VAT in the Digital Age (VIDA) package¹. The Commission proposals in the package² had three pillars: digital reporting requirements, platform economy and the single VAT registration. One of the elements included in the pillar on the single VAT registration was a proposal to make the existing import one-stop-shop (IOSS) – a special scheme introduced in the VAT Directive to simplify the compliance with the VAT obligations for imported goods – mandatory.

¹ Doc. 6304/25.

² Doc. 15841/22, 15842/22 and 15843/22.

2. However, during the negotiations on the package, there was little support for a mandatory use of the IOSS, and it was excluded from the VIDA package adopted. An alternative solution was developed to incentivise the use of the IOSS, in particular by making the supplier liable for VAT on importation in the Member States of the final destination of the goods, implying that suppliers (or so-called ‘deemed’ suppliers such as platforms) would have to register separately in every Member State where they do business if they don’t use the IOSS.
3. The provisions to incentivise the use of the IOSS were subsequently included in the VAT proposal in the customs reform package³, which aims to remove the EUR 150 threshold for the purposes of the IOSS and the application of the deemed supplier provision.
4. Because the removal of the EUR 150 threshold is more closely related to the other files in the customs reform package than the measures to incentivise the IOSS, and because the adoption of these measures would provide clarity on the applicable VAT framework for the negotiations on that reform, the Council decided to separate the provisions to incentivise the IOSS from the original elements of the VAT proposal in the customs reform package.
5. On 13 May 2025, the Council reached a general approach on the draft Directive with the provisions on the incentivisation of the IOSS and approved a statement for the Council minutes on the remaining elements of the draft Directive⁴. On 14 May 2025, it decided to consult the European Parliament on this general approach. The adoption of the European Parliament’s opinion is on the agenda of its plenary session on 8 July 2025.

³ Proposal for a Council Directive amending Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for declaration and payment of import VAT, doc. 9638/23.

⁴ Doc. 8569/25 + ADD 1.

6. In the light of this background, the Committee of Permanent Representatives is invited to suggest to the Council to adopt, at one of its forthcoming meetings, the Council Directive amending Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for declaration and payment of import VAT in doc. 9255/25 as finalised by the lawyer-linguists.
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