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MEETING DOCUMENT

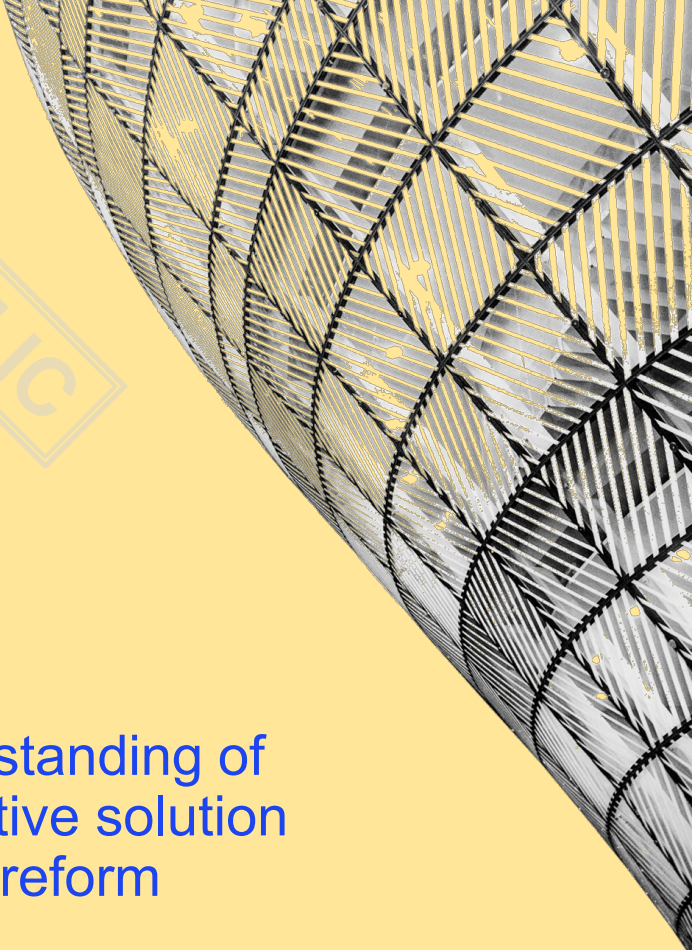
From:	Presidency
To:	Working Party on Tax Questions (Indirect Taxation – VAT) Working Party on Customs Union
Subject:	Distance sales of imported goods - IOSS - Presentation by the Presidency

Delegations will find attached a corrected version of the Presidency presentation circulated before the WPTQ meeting on 9 February 2024, as shown during the meeting. The corrections are on pages 10 and 12 of the document (in the box on the upper right).

Distance sales of imported goods (DSIG) - IOSS

Belgian Presidency approach

Council meeting 9/2/24



PUBLIC

Interaction Customs and VAT

The VAT Belgian Presidency understanding of
the Spanish Presidency VAT alternative solution
and its impact on the Customs reform

Customs and VAT interactions consequences of the Spanish Presidency proposal

- If IOSS is not used because it remains optional for platforms acting as deemed supplier and
- If the (deemed) supplier is made liable for VAT on import:

a) The deemed importer (Commission Customs reform) would no longer include all platforms, acting as deemed suppliers

=> Non-IOSS platforms acting as deemed supplier could still avoid financial and non-financial customs liabilities

=> Consumer liable for customs duties where there is no IOSS holder as deemed importer

b) The MS of import might differ from the MS of final destination when the IOSS is not used (> €150)

Alternative proposed by the Belgian Presidency (1)

Following the Spanish Presidency proposal, in case of DSIG, the **deemed supplier and supplier shall always be liable for VAT on import**



The special arrangements, based on the liability of the customer, will no longer be applicable, because the supplier or deemed supplier will always be liable



- the MS of importation (free circulation) must be the MS of final destination
- the customs concept of deemed importer should be extended as **to cover any trader** making a DSIG to align VAT and customs obligations

=> IOSS and non-IOSS traders have the same customs obligations/liabilities

Alternative proposed by the Belgian Presidency (2)

To ensure that the import of all DSIG takes place in the MS of final destination when the IOSS is not used



The customs legislation forcing the importation in the MS of final destination for consignments not exceeding € 150, when IOSS is not used, to be extended to cover all DSIG regardless their value.

Import and supply of DSIG in the same MS will secure the control process.

PUBLIC

Belgian Presidency VAT alternative and its impact on the Customs reform (including the abovementioned solutions)

Scene setter of the solutions

VAT

- (Deemed) Supplier liable for VAT at import if not registered for IOSS (PCY ES + BE)
- EUR 150 VAT threshold removed for the application of: (EC Customs Proposal on VAT)
 - IOSS
 - Deemed supplier regime
- Remove special arrangements (PCY BE VAT alternative)

Customs

- Removal of the EUR 150 Import Duty threshold (EC Customs Proposal)
- Simplified tariff treatment (EC Customs Proposal)
- EU Customs Data Hub facilitates processing of imports in 2028 only for deemed importers (IOSS), for all traders only as of 2032 (EC Customs Proposal)
- Deemed importer: any trader (IOSS or non-IOSS registered) involved in DSIG (PCY BE VAT alternative)
- Force the import of non-IOSS DSIG in MS of final destination (PCY BE VAT alternative)

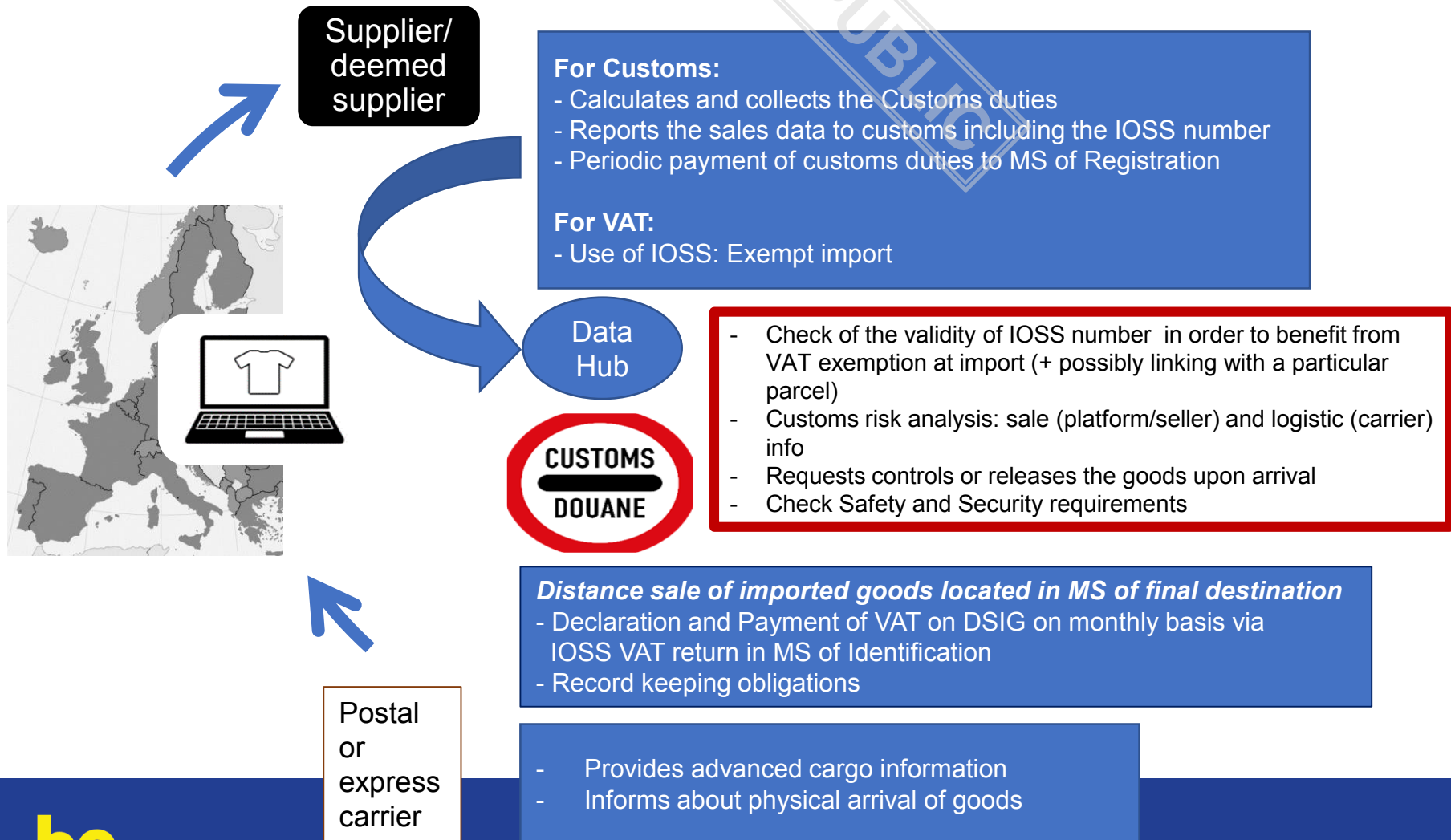
The Belgian Presidency VAT approach

2 possible scenarios:

1. Supplier/deemed supplier registered for IOSS
2. Supplier/deemed supplier NOT registered for IOSS

1. Supplier/deemed supplier registered for IOSS

(based on EC VAT and Customs proposals – no change)



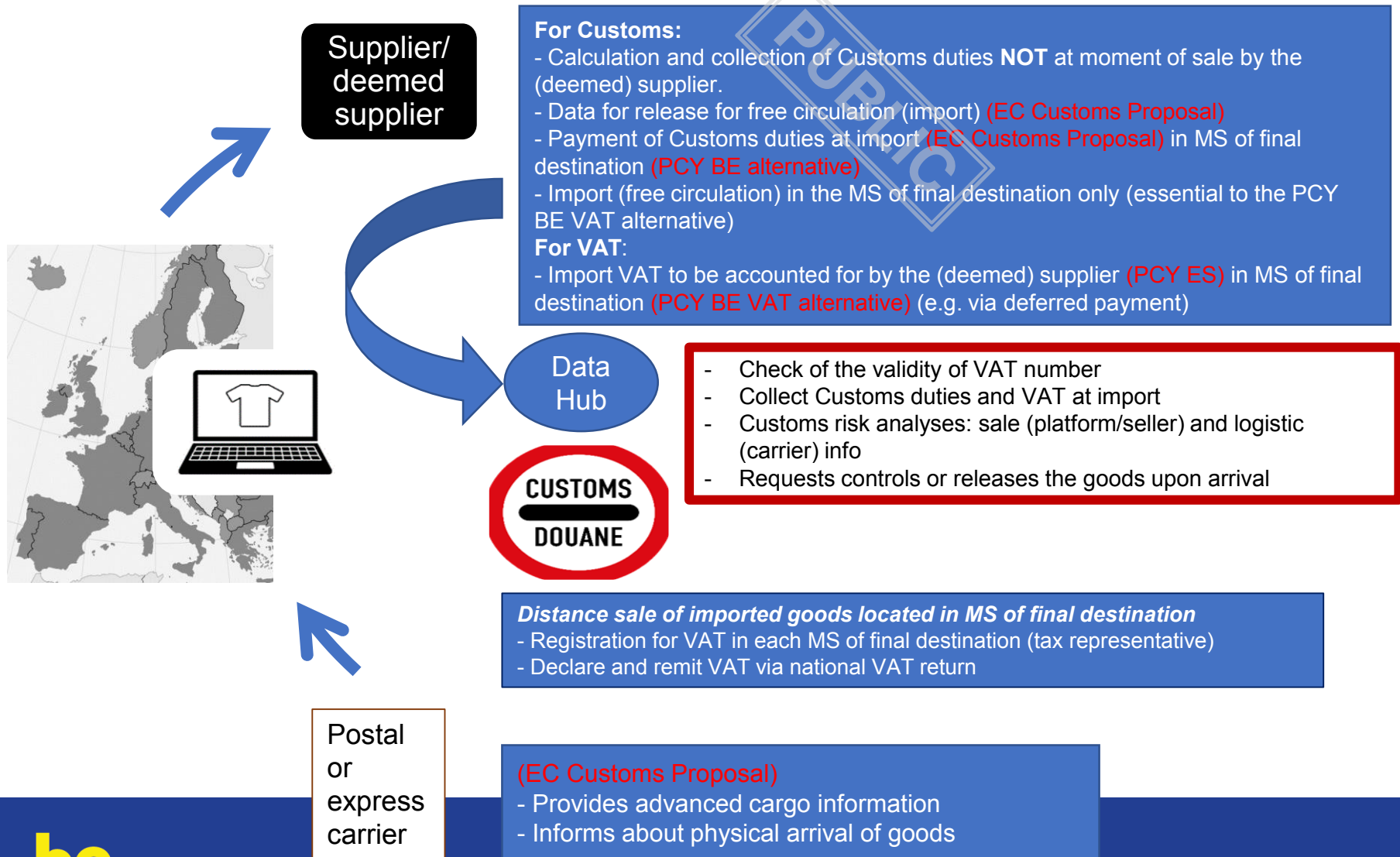
1. Supplier/deemed supplier registered for IOSS

VAT special scheme?	Place of import (MS of importation)	VAT liability at import	Place of distance sale	VAT liability on distance sale
Use of IOSS	Any MS Customs data hub	Exemption	MS of final destination	Supplier

Advantages:

- ✓ Simplified Customs process (simplified tariff treatment)
- ✓ Simplified VAT process (single registration for all distances sales via the IOSS)
- ✓ VAT and Customs duties collected upfront at the time of the payment (positive customer experience)
- ✓ All distance sales included within the scope of the IOSS (except excise goods)

2. Supplier/deemed supplier NOT registered for IOSS



2. Supplier/deemed supplier NOT registered for IOSS

VAT special scheme?	Place of import (MS of importation)	VAT liability at import	Place of distance sale	VAT liability on distance sale
Standard import procedure (non-IOSS)	Customs + VAT: MS of final destination	Deemed supplier / supplier	MS of final destination ➤ VAT identification of the supplier required in each MS of supply	Supplier

Impact of absence of IOSS registration:

- ❖ Import only allowed in MS of final destination
- ❖ Import VAT due
- ❖ Multiple VAT registrations (in each MS of final destination)

Summary of the required amendments

VAT

Art 201 VAT Dir. to be amended to make the deemed supplier / supplier liable for VAT at import

Chapter 7 of Title XII VAT Dir. (Special arrangements) incompatible – cannot apply as customer will never be liable for import VAT under this reform

Summary of the required amendments

Customs reform	Changes
Art. 5 (13) UCC: definition of deemed importer	For IOSS and non-IOSS traders
Art. 21 (1) UCC: provide or make available information Art. 21 (3) UCC: invalidate information in case of returns	The facilitations provided in these provisions should be limited to IOSS holders: the special scheme laid down in Title XII, chapter 6, Section 4 of VAT Dir.
Art. 42 UCC: competent customs office	
Art. 59 UCC: time to provide or make available information	
Art. 60 UCC: goods are deemed to be released	
Art. 169 UCC: place of incurrence customs debt	
Art. 181 UCC: calculation and communication customs debt	To be examined further whether the simplified tariff treatment should apply only to IOSS holders and where to release goods from non-IOSS deemed importers
Council Reg. 2658/87: scope of the Simplified Tariff Treatment	
Competent customs office (e.g. CP 42)	

QUESTIONS

Under a better secured IOSS:

- **Are you in favour of an obligatory IOSS or do you support the proposed alternative of the Presidency by making the (deemed) supplier always liable for import VAT?**
- **As a result, are you in favour of extending the improved IOSS above €150 ?**