



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL  
TAXATION AND CUSTOMS UNION  
Indirect Taxation and Tax administration  
**Value added tax**

**taxud.c.1(2020)1226436 – EN**

Brussels, 20 February 2020

**VALUE ADDED TAX COMMITTEE  
(ARTICLE 398 OF DIRECTIVE 2006/112/EC)  
WORKING PAPER No 924 REV6\***

**QUESTION  
CONCERNING THE APPLICATION OF EU VAT PROVISIONS**

<b>ORIGIN:</b>	<b>Commission</b>
<b>REFERENCE:</b>	<b>Article 211</b>
<b>SUBJECT:</b>	<b>VAT aspects of centralised clearance for customs upon importation – update</b>

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\* Working paper No 924 REV6 updates Annex 2.

## **1. INTRODUCTION**

Under centralised clearance at import, an importer may lodge an import declaration and pay customs duties at a customs office responsible for the place where he is established, for goods which are presented to customs at other customs offices which may be located in other Member States. The customs office at which the customs declaration is lodged and the customs office at which the goods are presented shall exchange the information necessary for the verification of the customs declaration and for the release of the goods. As the place of importation is the Member State within the territory of which the goods are located when they are released for free circulation, the information exchanged must also include VAT data necessary for the purpose of the declaration and payment of import VAT in the Member State of presentation of the goods.

Two Project Groups (PG) were established under the Customs 2020 Programme to provide input on the development and deployment of the electronic system "Centralised Clearance for Import (CCI)" based on Articles 6(1), 16 and 179 of the [Union Customs Code](#). The PG – "Centralised Clearance Import Design" finished its work and produced a Working Paper on project scope for phase 1, which was used as an input to the Business Case. The scope and functionalities of CCI were analysed and presented in a Final Report of the PG. Since CCI is an extremely complex project with many elements which are handled in the national domain (VAT, statistics, P&R) and many connections with systems operating nationally, it was agreed upon by the PG that the CCI project will be implemented in two phases (CCI Phase 1 and CCI Phase 2). This would provide the advantage that a reasonably early deployment could be achieved.

The second PG "Centralised Clearance Import Specifications" that has been established to provide input for the Level 4 Business Process Models/Functional System Specifications package (L4 BPMs/FSS package) has finished its work and the outcome was reflected in a PPT which accompanies the L4 BPMs/FSS package for CCI Phase 1. The CCI electronic system should provide for a harmonised and automated exchange of information between the customs office of declaration and the customs office of presentation of the goods necessary for the verification of the customs declaration and for the release of the goods. It should also provide for a harmonised solution for the VAT data to be exchanged between these customs offices for the purpose of the declaration and payment of import VAT in the Member State of presentation of the goods. The L4 BPMs/FSS package for CCI Phase 1 was formally approved by written procedure and the IT elaboration phase has started. The production of Technical System Specifications (TSS) has been started with the support of an IT PG CCI Phase 1. Final TSS CCI 1 are planned for the third quarter of 2020 and the CCI IT system Phase 1 is planned to be in operation for initial Member States in the first quarter of 2022 (1 March 2022).

In parallel, the activities related to CCI Phase 2 have started, as it will be an additional layer to incorporate the import declaration types and goods initially excluded from Phase 1 in the UCC CCI system. The implementation of CCI Phase 2 should give the possibility to gather all procedures in one central customs handling organisation, as well as the full completion of the automation of all possible CCI scenarios and processes to gain the maximum benefit from the concept of centralised clearance at European level. The Business Case document for the UCC CCI Phase 2 has been created by TAXUD Unit B1 with support of other TAXUD units, then reviewed by Member States and the Trade Contact Group and formally approved at ECCG/TCG of 2 October 2019. Work on CCI 2

L4 BPM/FSS package has started in close collaboration with the interested Member States. A new PG “UCC CCI Functional Specifications Phase 2” has been established to provide input for the CCI 2 L4 BPM/FSS package.

The purpose of this working document is twofold:

- To inform the VAT Committee of the state of play of discussions in the Customs 2020 Project Group on the VAT solution on the table and to collect possible observations of the delegates;
- To update the information on the application by Member States of deferred payment and postponed accounting for the payment of import VAT, as the application of either of these payment systems is a prerequisite for Member States to participate in centralised clearance for imports on their territory.

## **2. SUBJECT MATTER**

### **2.1. Authorisation for centralised clearance**

When two or more Member States are involved, the application for centralised clearance is subject to an authorisation that allows an operator to lodge at the customs office competent for the place where he is established (the supervising customs office/Member State or "SCO/SMS") the customs declarations for goods presented at a customs office in another Member State (the presentation customs office/Member State or "PCO/PMS"). To obtain such an authorisation, the applicant must have the Authorised Economic Operator status for customs simplifications ("AEOC").

The authorisation should also include the VAT requirements for submission of import VAT data of each presentation Member State (i.e. of each Member State where goods may be imported). In particular, it should specify the method of payment of import VAT in each presentation Member State, which should be deferred payment or postponed accounting:

- **Deferred payment** means that the payment of the import VAT to customs is deferred for a nationally determined period. This is covered by Article 211, first paragraph, of the VAT Directive<sup>1</sup> which provides that Member States shall lay down the detailed rules for payment of the import VAT;
- **Postponed accounting** means that import VAT is accounted for and paid with other VAT obligations in the periodic VAT return. This is covered by Article 211, second paragraph, of the VAT Directive.

All Member States apply either postponed accounting, or deferred payment or both.

The obligation of the authorisation holder to obtain a VAT number or to appoint a fiscal representative in the presentation Member State should also be clarified during the consultation procedure between the supervising Member State and the presentation Member State prior to granting the authorisation so that the applicant can comply with his obligation before the granting of the authorisation.

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<sup>1</sup> Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

## 2.2. Import declarations under centralised clearance

The economic operator should make **customs declarations** and pay customs duty in the supervising Member State. These will include declarations for goods physically released for free circulation in the presentation Member States.

In addition, the economic operator is required to make **import VAT declarations** and pay import VAT in each presentation Member State, for imports taking place within their territories. The data to be communicated, the format and the timescale for submission of the import VAT declaration are not harmonised and depend on the requirements of each participating Member State. The 'basic import VAT requirements' of each Member State are described in Annex II of the document [Simplifications – Title V UCC – Guidance for Member States and Trade](#).

## 3. THE COMMISSION SERVICES' OPINION

### 3.1. The way forward for declaration and payment of import VAT

As indicated in the introduction above, the two Customs 2020 Project Groups on the development and deployment of the electronic system "Centralised Clearance for Import Phase 1 (CCI 1)" provided their conclusions which also include a harmonised solution for the VAT data to be exchanged between these customs offices for the purpose of the declaration and payment of import VAT in the Member State of presentation of the goods. The VAT data that can be included in an import declaration are the following:

- The method of VAT payment (deferred payment or postponed accounting);
- The VAT taxable amount;
- The VAT rate;
- The VAT amount to be paid.

The solutions under discussion differ depending on the method of VAT payment. They are set out in sections 3.2 and 3.3 below.

### 3.2. Deferred payment

In the case of use of deferred payment in the presentation Member State, the supervising Member State should require the submission of additional data (in addition to the method of payment) concerning the import VAT due in the presentation Member State. As the national IT applications of the Member States generally cannot handle VAT rates of other Member States, it will not be possible to mention the VAT rate(s) applicable and VAT amounts due in the presentation Member State in an electronic customs declaration submitted in the supervising Member State. **As a consequence, the only VAT data element that could be provided in addition to the method of payment is the VAT taxable amount<sup>2</sup>**, which should be sufficient for the presentation Member State to correctly assess and levy the import VAT due.

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<sup>2</sup> The VAT taxable amount upon importation equals the customs value plus customs duties and expenses (packing, transport and insurance costs, etc.) up to the first place of destination in the Member State of importation.

The supervising Member State validates the customs declaration and immediately sends it to the presentation Member State. In this way, it is ensured that the presentation Member State receives all the relevant data required for the calculation, payment and control of the import VAT. This VAT will have to be paid to the customs authorities of the presentation Member State, in accordance with the procedure determined by that Member State. This may require a separate (possibly global) customs declaration for import VAT purposes.

### **3.3. Postponed accounting**

In the case the operator is authorised to use postponed accounting in the presentation Member State, a reference to that authorisation should be included in the customs declaration submitted in the supervising Member State (data element 4/8 – Calculation of taxes – Method of payment). **No further details regarding import VAT should be mentioned in the customs declaration.** The importer will be liable to account for the import VAT in his periodic VAT return to be submitted to the fiscal authorities of the presentation Member State.

The supervising Member State validates the customs declaration and immediately sends it to the presentation Member State. The customs of the presentation Member State shall transfer this information to their tax authorities in line with national procedures. In this way the presentation Member State will have all the data required to cross-check the information provided by the importer in a customs declaration and in a VAT return and to control whether the postponed accounting was used correctly. Hence, no separate customs declaration for VAT purposes should be required in the presentation Member State.

### **3.4. State of play of discussions**

The solutions set out in sections 3.2 and 3.3 were discussed by the Customs 2020 Project Group on 9 January and 13 March 2017 and were largely supported by the participating Member States and trade representatives. To further simplify the IT development of the electronic system "Centralised Clearance for Import (CCI)", some participating Member States suggested not making a distinction depending on the method of payment of import VAT in the presentation Member State. Hence, the VAT data to be exchanged between the supervising Member State and the presentation Member State should always include the following VAT data:

- Method of VAT payment; and
- VAT taxable amount.

This suggestion was supported by most of the participants.

In addition, to further promote the use of centralised clearance, the following recommendations were put forward:

- (1) Member States should as much as possible allow for the use of postponed accounting for the payment of import VAT in the presentation Member State. This would make a supplementary customs declaration for VAT purposes redundant in the presentation Member State.

- (2) Where deferred payment of import VAT applies, the presentation Member State should consider not requiring a guarantee as a condition for using deferred payment, as operators authorised to use centralised clearance always have AEOC status.
- (3) When deferred payment is used, the operators concerned should be allowed to make use of global (monthly) declarations for the payment of VAT.

### **3.5. View of the Commission services on solutions proposed**

One of the main barriers for a more extensive use of centralised clearance has always been the fact that a supplementary declaration is required for the payment of VAT in the presentation Member State and that the procedures for declaring and paying the VAT in the presentation Member States are not harmonised. The Commission services therefore strongly support the solutions described in section 3.4 providing for a harmonised and automated procedure for the exchange of VAT data between the supervising Member State and the presentation Member States, as well as the additional recommendations, further simplifying the use of centralised clearance.

### **3.6. Update**

All Member States apply either postponed accounting, or deferred payment or both. Information of the use initially collected can be found in Annex 1. This information has since been verified and updated by Member States. The updated information can be found in Annex 2.

## **4. DELEGATIONS' OPINION**

The delegations are requested to take note of the updated information in sections 1 and 3.1 on the work of the customs project groups and to check whether the information for their Member State in Annex 2 is still correct.

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**Extract from Deloitte report on VAT payment and collection regimes**

Member States	IMMEDIATE PAYMENTS	POSTPONED ACCOUNTING VIA VAT RETURN	DEFERRED PAYMENT FOR VAT AND CUSTOMS (SIMILAR DELAY)	SPECIFIC DEFERRED PAYMENT FOR VAT PURPOSES ONLY	DEFERRED PAYMENT FOR CUSTOMS ONLY
Austria	X	X	X		
Belgium	X	X		X	X
Bulgaria	X	X	X		
Cyprus	X		X		
Czech Republic	X	X			X
Denmark	X	X	X		
Estonia	X	X	X		
Finland	X		X		
France*	X		X	X	
Germany	X		X		
Greece	X	X	X		
Hungary	X	X			X
Ireland	X		X		
Italy*	X		X	X	
Latvia	X	X	X		
Lithuania	X	X	X		
Luxembourg	X	X			X
Malta	X	X	X		
Netherlands	X	X			X
Poland	X	X	X		
Portugal	X			X	X
Romania	X	X	X		
Slovakia	X		X		
Slovenia	X	X	X		

\* Similar deferred payment for customs duties and VAT **and** additional/derogatory delay for import VAT applicable in these Member States.

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<b>Member States</b>	<b>IMMEDIATE PAYMENTS</b>	<b>POSTPONED ACCOUNTING VIA VAT RETURN</b>	<b>DEFERRED PAYMENT FOR VAT AND CUSTOMS (SIMILAR DELAY)</b>	<b>SPECIFIC DEFERRED PAYMENT FOR VAT PURPOSES ONLY</b>	<b>DEFERRED PAYMENT FOR CUSTOMS ONLY</b>
Spain*	X		X	X	
Sweden	X		X		
United Kingdom	X		X		

\* Similar deferred payment for customs duties and VAT **and** additional/derogatory delay for import VAT applicable in these Member States.



**VAT payment and collection regimes  
based on information obtained from Member States**

Member States	IMMEDIATE PAYMENTS	POSTPONED ACCOUNTING VIA VAT RETURN	DEFERRED PAYMENT FOR VAT AND CUSTOMS (SIMILAR DELAY)	SPECIFIC DEFERRED PAYMENT FOR VAT PURPOSES ONLY	DEFERRED PAYMENT FOR CUSTOMS ONLY
Austria	X	X	X		
Belgium	X	X		X	X
Bulgaria	X	X <sup>1</sup>	X		
Cyprus	X		X		
Czech Republic	X	X	X		
Denmark	X	X	X		
Estonia	X	X	X		
Finland	X	X			X
France*	X	X	X	X	
Germany	X		X		
Greece	X		X		
Hungary	X	X	X		
Ireland	X		X		
Italy*	X	X <sup>2</sup>	X	X	
Latvia	X	X	X		
Lithuania	X	X	X		
Luxembourg	X	X			X
Malta	X		X		
Netherlands	X	X	X		X
Poland	X	X	X		
Portugal*	X	X <sup>3</sup>	X	X	
Romania	X	X <sup>6</sup>			
Slovakia	X		X		
Slovenia	X	X	X		
Spain*	X	X <sup>4</sup>	X	X	
Sweden	X	X	X		

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Member States	IMMEDIATE PAYMENTS	POSTPONED ACCOUNTING VIA VAT RETURN	DEFERRED PAYMENT FOR VAT AND CUSTOMS (SIMILAR DELAY)	SPECIFIC DEFERRED PAYMENT FOR VAT PURPOSES ONLY	DEFERRED PAYMENT FOR CUSTOMS ONLY
Croatia	X	X <sup>5</sup>	X		
United Kingdom <sup>3</sup>	X		X		

\* Similar deferred payment for customs duties and VAT **and** additional/derogatory delay for import VAT applicable in these Member States.

<sup>1</sup> Postponed accounting is possible as of 1.7.2019 for the importation of certain types of goods (explicitly listed in appendix No. 3 as per Article 167a of the VAT Act). These include ferrous and non-ferrous metals, ores, organic and non-organic chemical products. At the import date, the taxable person fulfils all the following criteria: (i) Each good is declared in the import customs document is of customs value equal or above 50 000 leva; (ii) VAT is registered on the basis of exceeding the turnover above 50 000 leva, carrying our supplies of goods with installation or on voluntary basis, for at least 6 months before the importation; (iii) The person has no due and payable outstanding public liabilities collected by the National Revenue Agency.

<sup>2</sup> Import of gold and semi-manufactured products of a purity of 325 thousandths or greater, silver in ingots or grains, gas, electricity, waste and scrap of ferrous and non-ferrous metals, waste paper, rags, scrap bone, leather, glass, rubber and plastics and recovered used wooden pallets.

<sup>3</sup> From 1.9.2017 for goods listed in Annex V of the VAT Directive and from 1.3.2018 for all imports of goods.

<sup>4</sup> Optional for taxable persons submitting monthly VAT returns.

<sup>5</sup> For certain machinery and equipment worth more than HRK 1 000 000.00 (one customs declaration for release for free circulation or one approval for the application of General Rule 2A in the case of a gradual import on the basis of additional note 3 to Section XVI and additional notes 2 to Section XVII of Annex I to Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256 of 7 September 1987).

<sup>6</sup> For:

- Persons who, in the previous calendar year or in the last 12 months, have made imports from third territories and third countries whose aggregate value is RON 100 million or more and which fulfil certain conditions (do not have outstanding budgetary obligations, do not have any debts to the customs authority, are registered for VAT purposes for at least one calendar year and are not in insolvency/reorganisation/judicial winding-up (liquidation));
- Authorised Economic Operators (AEO);
- Persons who have obtained authorisation for the local clearance procedure.

<sup>3</sup> As provided for in the Withdrawal Agreement (OJ C 384 I, 12.11.2019, p. 1), as of 1 February 2020, the United Kingdom is a third country. As of this date, the transition period applies until 31 December 2020, unless it is decided to extend it. During the transition period the United Kingdom is no longer a Member State but it stays in the EU customs union. EU legislation, including EU VAT and customs rules, continues to apply to and in the United Kingdom as if it were a Member State.