

NEW LEGISLATION – MATTERS CONCERNING THE IMPLEMENTATION OF RECENTLY ADOPTED EU VAT PROVISIONS

Origin: Commission
References: Article 143(1)(ca) of the VAT Directive
Subject: Proposed solution to regularise double taxation in the IOSS VAT return (Document taxud.c.1(2022)240383 – GFV working paper No 115)

1. The VAT Committee **unanimously** notes that following the implementation of the e-commerce package on 1 July 2021, cases of double taxation were identified as an issue, capable of arising in certain circumstances, that requires the urgent application of a pragmatic and workable solution to address the problem in the short-term. The VAT Committee **unanimously** acknowledges that double taxation is especially hindering the proper functioning of the IOSS system when it is the result of the non-communication of the supplier's IOSS number due to the fact that the postal operator of the country of dispatch is unable to transmit the IOSS number and also because some Member States are not currently in a position to validate the IOSS number correctly communicated in a full customs declaration.
2. Further to the Group on the Future of VAT's meeting of 9 February 2022, the VAT Committee **unanimously** agrees that, on a temporary basis, that is until all Universal Postal Services are in a position to electronically communicate the IOSS number in the appropriate postal format (i.e. ITMATT message) to the postal operators in the EU and until all Member States have updated their national import systems so that they can validate the IOSS numbers in a full customs declaration, the problem of double taxation arising in such situations only, can be resolved by way of a correction of VAT in the IOSS VAT return. This solution applies provided that the buyer is the person liable for the payment of VAT on import and the pre-conditions for the correction of the IOSS VAT return are met. The VAT Committee confirms **by unanimity** that this solution allows for the regularisation of double taxation through the IOSS VAT return while the VAT charged on importation, paid by the buyer, is upheld in which case the supplier shall correct and reimburse the amount of VAT collected at the time of sale upon the request of the buyer when substantiated by proof of payment of import VAT. The VAT Committee **unanimously** agrees that the application of this temporary solution is without prejudice to solving the core and fundamental causes of double taxation as swiftly as possible.