

vat's important

New EU VAT system from 01.01.2020

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Anyone who deals with VAT knows how complicated the EU VAT system is. The European Union is planning to simplify the system. The first updates will apply from 2020 at the latest.

According to the EU Commission, the VAT gaps resulting from the weaknesses of the system amount to more than EUR 150 billion annually, or 12 percent of the VAT due. It is estimated that cross-border fraud alone is responsible for VAT losses of around EUR 50 billion (i.e. EUR 100 per EU citizen). This money can be used for the funding of criminal organisations, including terrorism. The proposed reforms could reduce these losses by an estimated 80%.

In December 2018, immediate measures were decided which will come into force on 1 January 2020. These measures involve the following amendments:

Simplified handling of consignment stock transactions

To date, there has been no uniform provision relating to consignment stock transactions. Now, the following measures should bring about standardisation within the EU: The intra-Community delivery should be declared not at the time of the storage of the goods but rather first at the time of acceptance of the goods by the customer. The period between storage and acceptance of the goods may not exceed twelve months, however.

Standardisation of chain transactions

From a VAT perspective, chain transactions always lead to difficulties, particularly when the middle party commissions the transport. The question arises: With whom is the "moving" delivery associated? The adopted measures should bring about standardisation in such transactions.

VAT ID as material prerequisite for tax exemption

In the future, the acquirer in the other member state must have a valid VAT ID number on the one hand, and, on the other, the supplying company must record the delivery in the recapitulative statement.



What does this mean for my company?

The new regulations in the field of EU VAT and e-commerce are highly relevant for companies in third countries such as Switzerland, too. A careful analysis on an organisational and process level is therefore essential. Particularly against the background of any possible short-term changes, it would appear to make good sense to already take precautions today. This means that it is advisable, for example, to regularly check the VAT ID numbers of customers and suppliers, and amend invoice forms so that the VAT ID numbers become required fields in the case of EU deliveries.

Of course, we will keep you abreast of further developments in this field.

With best regards from your VAT team

