

**vat's important**  
Changes in the EU as of 01.01.2020

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Already in our January vat's important we outlined the upcoming changes in the area of EU VAT as of 2020. The new year 2020 is just around the corner. The VAT innovations are now within reach.

Since January 1, 1993, a „provisional“ system has been in force in the field of European VAT. This „provisional nature“ is now to be transformed into a definitive one by 2027 through an EU action plan in order to take a step closer to achieving a harmonised and simplified internal market.

As a first step, so-called „quick fixes“ were implemented, which now for the first time regulate the following topics uniformly in the VAT Directive:

- Tax exemption for intra-Community supplies
- Documentary evidence
- Consignment stock and
- Chain transactions

**What do I have to think about?**

It may be questionable why a change in EU VAT could have an impact on a Swiss company. I also think that the question will be asked as to why this is relevant at all.

Many Swiss companies are extremely successful and successful internationally. The EU is Switzerland's most important trading partner. Measured in terms of trade volume, the EU at 60% in 2018 was far ahead of the USA at 12% and China at 6% (according to EDA, Directorate for European Affairs). Due to Switzerland's close economic ties with the EU, tax developments and innovations in this country should be kept under review. In order to avoid risks, it is highly recommended that these be implemented accordingly, especially where planned simplifications are involved.

The „Quick Fixes“, which came into force by the EU on January 1, 2020, firstly regulate matters that were a grey area until that date and were decided case by case by the European Court of Justice. Of course, in the past years and decades a certain red line could be seen as to how it should be regulated; certain states, not specified here, nevertheless tried again and again to see certain formalisms more strictly.



Ignoring the changes in the EU leads to risks that are not worth taking. The amendments lead to increased legal certainty, which everyone must first work out with the following exemplary questions:

- Is the VAT number of the purchase valid? How can I verify that this VAT number can be valid at all?
- What are the conditions for me to issue an invoice for an intra-Community supply without local VAT?
- Does my company have a consignment stock in the EU?
- How can I make optimum use of the location of the consignment warehouse?
- Who organizes the transport for a series business?
- How can I design the VAT effects of series transactions?

### What does this mean for my company?

The changes of the EU VAT law have to be considered not only for EU entrepreneurs, but also for entrepreneurs from third countries. It is essential that the transactions are analysed in detail in order to make the best possible use of the new options and to avoid unforeseen risks.

As an example it should be mentioned that the VAT numbers of the customers are evaluated, the ERP systems are checked and adapted accordingly and internal processes are brought up to date. In particular, the creation of internal processes is essential in order to comply with national and international regulations.

Of course we are at your disposal if you have any questions in this context. Well, and then there was the Brexit... but that's another story we'll (hopefully (not)) tell you next time. Now we would like to wish you already now a contemplative Advent season.



With best regards from your VAT team

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