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# Self-assessment of VAT International Trade in Goods

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# VAT rules for international trade

## **Taxation in the member state of consumption**

- Exports - VAT exempt
- Imports – subject to VAT

## **‘Temporary’ rules for the intra-community trade in goods**

- Implemented with the introduction of the single market (1993)



# Intra-community supply/acquisition of goods

One commercial transaction split into two for VAT purposes

- Intra-community **supply** of goods – VAT exempt
- Intra-community **acquisition** of goods – taxable in the destination country

VAT shall be payable by any person making a taxable intra-community acquisition of goods

- Art. 28g (1) d) of Sixth Directive (valid since 1993)
- Art. 200 of Recast Directive (valid since 2006)



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# Self-assessment or reverse-charge?

- **Self-assessment** of VAT by the person acquiring the goods from the EU
- Officially it is not called 'reverse-charge'
- **Effectively** it has the same implications as the **reverse-charge**



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# Destination principle – future alternatives for international trade

## Five options considered by the European Commission

- Limited improvement of current rules
- Taxation following the flow of goods + OSS
- **Reverse-charge following the flow of goods**
- Alignment with the place of supply for services
- Taxation following the contractual flow + OSS



# Imports of goods from third countries

VAT on importation need not be paid at the time of importation if this VAT is mentioned in the VAT return of the person importing goods ('may' provision)

- Art. 23 (2 subparagraph) of Sixth Directive (valid since 1977)
- Art. 211 (2 subparagraph) of Recast Directive (valid since 2006)



# What is the standard VAT system?

- Reverse charge – systematically applied on cross border transactions with goods
- Principle of fractional payments – breached



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# Thank you for your attention