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7 October

Explanatory Notes on the VAT Quick Fixes

Dear Ms. Scoppio,

I am writing you on behalf of BusinessEurope's VAT Policy Group, chaired by Kristian Koktvedgaard, who is also our representative of BusinessEurope in the VAT Expert Group, to express some concerns regarding the explanatory notes on the quick-fixes. While we welcome the explanatory notes on the quick-fixes, which were discussed at the VAT Expert Group on 19 September, we have some concerns and in particular on the call-off-stock/recapitulative statements.

The concerns relate to the example given in paragraph 2.5.17. In that paragraph, the question that is posed is: 'How to declare in the recapitulative statement a call-off stock and a substitution (or several substitutions) that take place within the same declaration period for the recapitulative statement? (Idem for call-off stock and the return of the goods taking place in the same declaration period for the recapitulative statement).'

The new rules in Directive 2018/1910 on the call-off stocks mention two new obligations to include a VAT ID-number in the recapitulative statement (without amounts):

1. Article 17a-2-d

the VAT number of the person acquiring the goods in a later stage in accordance with an at that time existing agreement for call of stock.

2. article 17a-6-a via 17a-2-d of the substitute acquirer in accordance with an at the time of substitute, existing agreement for call of stock.

However, there seem to be no obligations in article 17a to provide information in the recapitulative statement about goods returning in the 12-months period; only registration obligations (art 17a-5-b).

In the rules about the recapitulative statement is an amendment concerning the call off stock. In article 262-2 are the 2 latter obligations in article 17a repeated: every taxable person shall submit information about the VAT identification number of the taxable person for whom goods, dispatched or transported under call-off stock arrangements in



accordance with the conditions set out in article 17a, are intended (see above: 17a-2-d & 17a-6-a) and about any change in the submitted information.

This may leave a lot of uncertainty for businesses. First, the question needs to be answered: what is submitted as that is the item in which a change has to be mentioned? We understand that the only items that have been submitted are the intended acquirer at time of transport and the substitute acquirer (see above: 17a-2-d & 17a-6-a) so only changes in this submitted information should be mentioned. There seems to be no mention of returning goods, which seems logical from our perspective as there is no submitted information to be changed.

We are thus concerned that there may be no legal basis in the Directive for the example in the explanatory notes demanding all the information mentioned about returning goods and extra mentioning of the intended acquirer together with his substitute acquirer. In addition, we would like to understand more clearly what the motivation is behind mentioning an intended acquirer in a period in which all the goods return and in the end of the period no goods are added to the call off stock for the intended acquirer or his substitute?

In addition, we would like to ask the European Commission to closely follow-up that the Member States implements all the required IT changes for the adoption of the Recapitulative Statements by Jan. 1, 2020. This is essential to enable business to comply with the requirements of article 262-2 in order to be able to use the simplification of article 17a.

We hope that the European Commission can examine these issues and evaluate in particular whether the explanatory notes provide too much uncertainty, which may give rise to further fragmentation in the Single Market and unnecessary administrative burden for businesses.

We hope that this topic can also be further discussed in order to identify the challenges and appropriate ways forward on the quick-fixes, which we would be more than happy to discuss with you.

Yours sincerely,

James Watson
Director of Economics