



## Intra-EU distance sales and unpaid French VAT regularization : the new French Tax Administration guidelines

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An intra-EU distance sale of goods takes place when goods are dispatched or transported by the supplier from a Member State to another Member State and the purchaser is an individual.

Until 30<sup>th</sup> June 2021, the regime applicable to "intra-EU distance sales" was based on the principle of VAT taxation in the country of destination of the goods when the annual sales to the EU Member State exceeded a certain threshold, the amount of which was set by each EU Member State (i.e. €35,000 previously for France).

As of **July 1, 2021**, the previous thresholds for intra-EU distance sales of goods are cancelled and replaced by a new EU global threshold of €10,000 for EU distance sales and certain supplies of services.

This reform revealed that some distance sellers had, in the period prior to July 1, 2021, wrongly subject all their intra-EU distance sales to VAT of the country of departure of the goods, even though the value of the sales exceeded the sub-mentioned thresholds.

In this context, the FTA has just published guidelines on the regularization of the unpaid French VAT by operators on these types of transactions.

### ➤ How to regularize?

Operators not established in France who have wrongly collected VAT on distance sales to France in the Member State of departure of the goods (i.e. local VAT) will have to submit a French VAT regularization request before the Foreign Business Tax Department of the FTA (i.e. Centre des impôts des non-résidents or SIEE).

This request must include supporting evidence concerning the transactions covered by the request as well as proof of the VAT payment in another Member State.

### ➤ Who can regularize?

This measure applies to operators who :

- Have made spontaneous regularization before the FTA (i.e. operators subject to an ongoing tax audit are excluded)
- Have paid the VAT relating to the distance sales in the Member State of departure of the goods.

### ➤ What is the deadline for the regularization?

Operators will have to submit their regularization request **before September 30, 2022**.

### ➤ What are the applicable penalties?

The FTA has confirmed in its guidelines that for the requests submitted before September 30, 2022, only late payment interest at the legal rate (i.e. 0,2% per month) will be applied. No surcharge / other penalties will be therefore applied.

**If your company has wrongly collected VAT in the country of departure of your distance sales instead of French VAT, our team can assist to regularize this situation and prepare the administrative procedures in France and in your country with the competent tax authorities before September 30, 2022.**

## Our team



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