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**Cross border EU Trade  
Quick Fixes / VAT Package 2020**

Our reference:  
BA20-828/xc

On December 2019 the EU adopted the Tax Package 2020 being part of the legislative proposals ATAD2 (Anti Tax Avoidance Directive) and MDR/DAC6 (Mandatory Disclosure Rules). With this publication the EU is fulfilling its goal to transform the current EU VAT system to a single EU VAT area by 2022.

As from 2020 the following so-called VAT Quick Fixes about cross-border EU trade were implemented. Member states are required to implement four quick fixes aiming to improve the daily functioning of the VAT system for EU cross border B2B trades.

**QF1 - Verifying VAT ID number of your customer.**

To apply for the 0% VAT rate for an intra-community supply, the VAT ID number needs to be verified and proven to be correct. Obtaining and validating the customer's VAT ID number, being able to prove such, as well as filing a correct EU sales listing will be a hard condition for the application of the 0% VAT rate.

**QF2 – Proof of transport.**

Intra Community sales require proof needed for the application of the 0% VAT rate. In case of transport by or on behalf of the supplier, the proof should consist of two supporting documents build up independently of each other, for example; a signed CMR in combination with the insurance policy of the transport for the respective supply of goods. When the buyer arranges for the transport, the seller should also processes a written statement from the buyer about the acquisition.

The new rules do not affect the current (Dutch) practice to be used when the buyer takes care of the transport. Within Dutch legislation (DGB2002/4947M / "publication 38") it was published how to deal with collect transactions. This new EU publication is a add-on to the existing Dutch rules.

**QF3 – Call-Off stock.**

In conditions of a call-off stock, a supplier moves goods to a different member state to the location of the customer, to enable the pick-up from that stock at a later stage. There were different approaches from various members states prior to this quick fix. Under the new legislation it becomes mandatory to file a separate file listing to the Tax administration. At this moment the Dutch Tax administration's IT system is not yet operational to perform such, it's expected to be operational as from April 1th 2020.



#### **QF4 – Chain transactions**

When successive supplies of goods are sold between traders in more than one Member State, but with only one cross border transport movement one needs to determine which sale is able to use the 0% VAT rate. Under the new rules per 2020, the 0% rated intra Community supply is by default assigned to the supply who arranges the transport or has the transport arranged in their own name.

A => B => C.

The 0% VAT rate is applicable in A => B when

- The transport is arranged by A.
- The transport is arranged by B and B provides a different VAT ID number **not** registered in the country of which the goods depart from.

The 0% VAT rate is applicable in B => C when

- The transport is arranged by B and B provides its VAT ID number registered in the country of which the goods depart from.
- The transport is arranged by C.

In the other sales chains the domestic VAT is applicable.

Apart from these new rules for chain transactions the rules about simplified ABC transactions remain applicable. We suggest here to follow-up the conditions and guidelines provided by the Dutch VAT authorities, see link.<sup>1</sup>

#### **Verbrugge acting as your limited (LFR) or general (GFR) fiscal representative.**

With above guidelines, the EU has implemented quick fixes for cross border trades and informs traders about the level of administration required. For using the 0% VAT rate on cross border sales the level/proof of administration is quite fixed now. In case you are not able to support the level of proof required on performing your sales transactions in the Netherlands we suggest to charge the domestic VAT rate.

In order to assist our LFR or GFR customers, we verify the VAT ID number which you provide us for being operational correct (QF1), where we entrust your administration holds the level the authorities requires, upon providing us your information to act as your fiscal representative.

In the case you have questions and/or additional request do not hesitate to contact us.

Kindest regards

Verbrugge Customs BV  
VAT team

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<sup>1</sup> Link to Dutch VAT authorities about simplified ABC transactions:  
[https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/vat/vat\\_in\\_the\\_netherlands/vat\\_relating\\_to\\_purchase\\_and\\_sale\\_of\\_goods/export\\_from\\_the\\_netherlands\\_to\\_other\\_eu\\_countries\\_intra-community\\_supply/simplified\\_abc\\_supply\\_chain\\_transaction](https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/vat/vat_in_the_netherlands/vat_relating_to_purchase_and_sale_of_goods/export_from_the_netherlands_to_other_eu_countries_intra-community_supply/simplified_abc_supply_chain_transaction)