

TAX ALERT

VAT due on imports will be collected through the reverse charge mechanism as of 1 January 2022

Currently, VAT due on imports must be paid to the French Customs, while its deduction is, on the other hand, filed with the French tax authorities (FTA). This procedure has a cash flow impact for businesses which have first to pay VAT and then claim a refund.

As an exception, VAT can be collected and deducted by businesses with the authorisation of the FTA under certain conditions.

Important changes relating to the system of collection and deduction of VAT on imports will come into effect as of 1 January 2022 for all taxable and non-taxable persons registered with a VAT number in France.

Thus, VAT on imports will now be collected on the VAT return to the FTA through the reverse charge mechanism. This new procedure will be automatic, without prior authorisation from the FTA. VAT will therefore be collected and deducted on the same VAT return, which represents a real advantage for businesses in terms of cash flow impact.

Do not hesitate to contact us to get more information.



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