

## VAT Alert: Comments on Quick Fixes



The so-called “quick fixes” measures, provided by the Directive 2018/1910/EU and by the French finance Bill for 2020, effective since January 1<sup>st</sup> 2020, were recently commented by the French tax authorities (hereafter ‘FTA’) in their official guidelines (BOFIP update on October 14<sup>th</sup>, 2020).

- **Comments on the proof of intra-Community supplies**

Presumptions have been introduced in order to facilitate the proof of transport when the transport is organized by the seller or the buyer. Among the conditions for the presumption to apply is the production of two non-contradictory evidence from independent third parties that the transport has been carried. In this respect, the FTA specify that the notion of “independent parties” implies that the operators have distinct legal personalities. However, the sole criterion of belonging to the same economic or tax group must not lead to rebutting the presumption of independence.

In addition, the FTA also confirm that companies can always prove the realization of the transport by any means when they don’t intend to benefit from the new presumption system.

- **Comments on chain transactions**

The FTA also bring some precisions about the exemption of VAT for intra-Community supplies in case of successive supplies of goods (chain transactions) which are subject to a single intra-Community transport. In order to determine which transaction within the chain will benefit from the exemption, the notion of “intermediary operator” has been introduced. The intermediary operator is defined as “a supplier within the chain other than the first supplier in the chain who dispatches or transports the goods either himself or through a third party acting on his behalf”.

In their administrative guidelines, the FTA specify that this measure relating to chain transactions does not affect the person liable of the payment of the tax and is not exclusive of the possibility of benefiting from the simplification measure provided for intra-Community triangular transactions.

- **Comments on call-off stocks**

Finally, the FTA bring additional explanations about the application of the simplification regime for call-off stocks. Firstly, the FTA highlight some obligations that the suppliers must follow at the moment when the goods are shipped. Indeed, the supplier must keep a register of the goods sent to the customer. However, the form of this register has not been specified by the FTA. In addition to this obligation, the FTA remind that the supplier must also file an Intrastat return for departures for the month when the goods are sent to the supplier. Finally, the FTA also highlight the obligation for the supplier to issue a pro forma invoice, at the moment when the goods are shipped.

Secondly, when the goods are withdrawn from stock, the supplier will have to issue an invoice. In addition, the supplier will also have to declare the exempt intra-Community supply in its VAT return. More surprisingly, the supplier will have to file another Intrastat return related to these goods.

Finally, in order to apply this simplification regime, the goods must be taken from the stock within 12 months of their dispatch to the Member State of arrival. The FTA specify that the twelve-month period begins at the 00.00AM of the first day of the period and ends at 00.00PM of the last day corresponding. For bulk goods, the FTA also specify that the "FIFO" (first-in-first-out) method should be used.

In addition, regarding destroyed, lost or stolen goods of a low value, the FTA consider that the supply is deemed to have occurred. In this light, the FTA consider that low value losses can be qualified when they represent less than 5% of the value or volume of total inventory.

**Authors**

---



**Dominique Villemot**  
dominique.villemot@villemot-wts.com  
T +33 1 45 08 44 07

Villemot WTS  
60 rue Pierre Charron  
75008 Paris  
www.villemot-wts.com



**Sabrina Lechani**  
sabrina.lechani@villemot-wts.com  
T +33 1 45 08 44 07

Villemot WTS  
60 rue Pierre Charron  
75008 Paris  
www.villemot-wts.com

**About WTS Global**

---

With representation in over 100 countries, WTS Global has already grown to a leadership position as a global tax practice offering the full range of tax services and aspires to become the preeminent non-audit tax practice worldwide. WTS Global deliberately refrains from conducting annual audits in order to avoid any conflicts of interest and to be the long-term trusted advisor for its international clients. Clients of WTS Global include multinational companies, international mid-size companies as well as private clients and family offices.

The member firms of WTS Global are carefully selected through stringent quality reviews. They are strong local players in their home market who are united by the ambition of building a truly global practice that develops the tax leaders of the future and anticipates the new digital tax world.

WTS Global effectively combines senior tax expertise from different cultures and backgrounds and offers world-class skills in advisory, in-house, regulatory and digital, coupled with the ability to think like experienced business people in a constantly changing world.

For more information please see: [wts.com](http://wts.com)

**Imprint**

---

Villemot WTS  
60 rue Pierre Charron – 75008 Paris  
France  
T +(33) 1 45 08 44 07 | F +(33) 1 45 08 44 24  
[www.villemot-wts.com](http://www.villemot-wts.com) / [cabinet@villemot-wts.com](mailto:cabinet@villemot-wts.com)

The above information is intended to provide general guidance with respect to the subject matter. This general guidance should not be relied on as a basis for undertaking any transaction or business decision, but rather the advice of a qualified tax consultant should be obtained based on a taxpayer's individual circumstances. Although our articles are carefully reviewed, we accept no responsibility in the event of any inaccuracy or omission. For further information, please refer to the author.