



**THOMPSON
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**INTERNATIONAL TRADE &
CUSTOMS AND TAX UPDATE**

EU Strengthens VAT Import Exemption

In its recent Directive 2009/69/EC of June 25, 2009, which amends Directive 2006/112/EC on the common system of value-added tax (VAT), the EU strengthens the conditions for the VAT exemption related to the importation of goods followed by an intra-community supply or transfer.

VAT AT IMPORTATION

The importation of goods into an EU member state qualifies as a taxable event and in principle VAT shall be payable by any person or persons designated or recognized as liable by the member state of importation.

VAT EXEMPTION

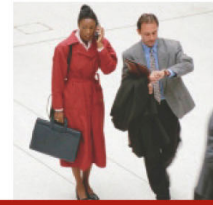
The importation of goods is, however, exempt from VAT if followed by a supply or transfer of those goods to a taxable person in another member state (so-called intra-community supply or intra-community transfer). In Directive 2009/69/EC, the EU strengthens the conditions for the exemption to apply.

In order for the exemption to apply, at the time of importation the importer must provide to the competent authorities of the member state of importation at least the following information:

- His VAT identification number issued in the member state of importation or the VAT identification number of his tax representative liable for payment of the VAT issued in the member state of importation;
- The VAT identification number of the customer to whom the goods are supplied issued in another member state, or his own VAT identification number issued in the member state in which the dispatch or transport of the goods ends when the goods are subject to a transfer;
- Evidence that the imported goods are intended to be transported or dispatched from the member state of importation to another member state. However, member states may provide that this evidence be indicated to the competent authorities only upon request.

These new conditions are effective January 1, 2011.

It must be noted, however, that many member states already provide these or comparable conditions in order for the exemption to apply.



Also important to note is that several other exemptions or features exist to avoid or postpone VAT payment at importation (e.g., deferred payment).

FOR MORE INFORMATION

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