

## Transposition Note

With effect from 1 January 2020, Council Directive 2018/1910 amends the amending Directive 2006/112/EC regarding Changes to the VAT rules concerning chain transactions to improve the VAT system for the taxation of trade between Member States.

The Table below sets out how the Value Added Tax (Place of Supply of Goods) (Amendment) Order 2019 and the Value Added Tax (Amendment) (No. 2) Regulations 2019 will implement the requirements of the 2018 Directive.

The legislation does not go beyond what is necessary to implement the 2018 Directive, including making consequential changes to domestic legislation to ensure its coherence in the area to which it applies.

In the Table below, any references to “the Amendment Order” or the “the Amendment Regulations” are to the Value Added Tax (Place of Supply of Goods) (Amendment) Order 2019 and the Value Added Tax (Amendment) (No. 2) Regulations 2019 respectively.

| <b>PVD<br/>New/amended<br/>Article</b> | <b>Objective</b>  | <b>IMPLEMENTATION</b>   |
|--|---|---|
| 36a(1)                                 | Sets out that the dispatch or transport in a chain transaction should be ascribed only to the supply made to the intermediary operator.   | Article 2 of the Amendment Order which inserts a new Part 4 (chain transactions) into the Value Added Tax (Place of Supply of Goods) Order 2004, specifically new article 16.   |
| 36a(2)                                 | Sets out by way of derogation from paragraph 1 that, where the intermediary operator has communicated to its supplier the VAT identification number (VIN) issued to him by the MS from which the goods are dispatched or transported, the dispatch or transport can be attributed only to the supply made by the intermediary operator. | Article 2 of the Amendment Order which inserts a new Part 4 (chain transactions) into the Value Added Tax (Place of Supply of Goods) Order 2004, specifically new article 17(b) and Regulation 3(b) of the Amendment Regulations. |
| 36a(3)                                 | Sets out the definition of an intermediary operator.  | Article 2 of the Amendment Order which inserts a new Part 4 (chain transactions) into the Value Added Tax (Place of Supply of Goods) Order 2004, specifically new article 18.   |
| 36a(4)                                 | Sets out that new Article 36a shall not apply to the situations covered by Article 14a.   | Not implemented as Article 14a is not due to be implemented until 1 January 2021.   |
| 138(1)(a)                              | Sets out one of the conditions for an intra-community supply to be zero-rated, namely that it must involve the removal of the goods from a MS to another MS.  | Article 2 of the Amendment Order which inserts a new Part 4 (chain transactions) into the Value Added Tax (Place of Supply of Goods) Order 2004, specifically new article 16.   |
| 138(1)(b)                              | Sets out another condition for an intra-community supply to be zero-rated, namely that the customer must be identified for VAT purposes in a MS other than that in which the dispatch or  | Regulation 3(b) of the Amendment Regulations.   |

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|         | transport of the goods begins and must provide its supplier with its VIN.   |  |
| 138(1a) | Sets out that the exemption provided for in paragraph 1 shall not apply if the supplier fails to declare the transaction as required on its EC sales list without having a reasonable excuse for its failure. | Regulation 4 of the Amendment Regulations which inserts a new regulation 134A into the Value Added Tax Regulations 1995. |