

# 2022 FRANCE VAT REGULATORY CHANGES

## CUSTOMER PRESENTATION

Last Update:  
December 21st, 2021

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# France VAT Regulatory Changes

## Agenda



**Overview – What is changing, Why is it changing, and Who is impacted?**

**DHL Billing Services**

**Key Takeaways**

**FAQs**

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# France VAT Regulatory Changes

## Overview – What is changing

### Overview

#### POSTPONED VAT ACCOUNTING (PVA) as of January 1<sup>st</sup> 2022 for Imports from Non-European Union\* Countries to France

From **January 1<sup>st</sup> 2022**, important changes will come into effect in the **French Value Added Tax (VAT)** regime, which will impact **Businesses Importing Goods** from **Rest of World (Non-European Union\* Countries) to France**:

- **Import VAT of shipments into France will no longer be collected by the French Customs Authorities** (upon Import Clearance).
- **Import VAT will be automatically accounted for under the Importer's (Importer of Record) French VAT number** via the compulsory reverse-charge mechanism.
- This means that **companies acting as Importer of Record in France will require a valid French VAT number**.
- **ONLY in case** a non-EU Business Shipper wants to act as Importer, a valid **French VAT number is required and a Fiscal Representative must be appointed** to comply with its VAT obligations.

\* European Union (EU) countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.



# France VAT Regulatory Changes

## Overview - Why is it changing?

### Why is it changing?

With this reform, the **French Government** is pursuing several objectives:

- ✓ **Simplification** of administrative procedures (transferring the responsibility of VAT collection **from Customs Authorities to Tax Authorities**)
- ✓ **Improving the cash flow** of French VAT payers (by accounting VAT on a **periodic basis** for multiple shipments, **instead of on a transactional basis**)
- ✓ **Reducing the administrative burden** for tax payers (i.e. French Tax Authorities will **automatically calculate VAT** based on data from Customs Authorities)



**douane.gouv.fr**

Le portail de la direction générale des douanes et droits indirects

<https://www.douane.gouv.fr/actualites/partir-du-1er-janvier-2022-autoliquider-sa-tva-limportation-devient-obligatoire-et>

# France VAT Regulatory Changes

## Overview: Who is impacted?

### Who is impacted?

Any VAT Registered **Business** which is acting as **an Importer** in France falls under PVA and therefore has to provide a FR VAT number for import declaration and clearance purposes as of 1<sup>st</sup> January 2022.

If **Non-EU established shippers** want to **act as an importer**, they must have a **French VAT ID** and **appoint a fiscal representative** in France to fulfill the VAT related obligations as of 1<sup>st</sup> January 2022.

**Private individuals** acting as importers, do not fall under PVA and therefore Import VAT will continue to be collected by the Customs Authorities.

→ **IMPORTANT:** In order to facilitate the customs clearance in France, shippers should **include on the Commercial/Proforma Invoice** the:

- ✓ **French VAT Number** of the Importer of Record (IOR)
- ✓ **Importer of Record (IOR) Company Info** (Name/Address/Contact/**EORI No**)

→ **NOTE:** Please **indicate the IOR separately** if different from the receiver. In case no additional party is indicated under **“IOR/Bill to”** DHL will file the declaration in the name of the receiver.



# France VAT Regulatory Changes

## DHL Billing Services

### DHL Billing Services

With the introduction of PVA, Import VAT assessed on a shipment to a VAT registered company, MUST be accounted for under the Importer`s VAT number. Import VAT will no longer be paid to customs authorities by DHL at the point of import. This has an impact on the DHL Billing Services.

EXAMPLE (Where PVA applies):

**Where the billing service is DTP (Duties & Taxes Paid):**

DHL will no longer charge the Import VAT to the DTP shipper. **Only Customs Duties, Multi-line entries, Bonded Storage and some other charges will now be charged.**

**Where the billing service is DTU (Duties & Taxes Unpaid):**

No VAT will be billed by DHL to the importer/receiver, since VAT is accounted directly through PVA by the Importer. Customs Duties and other customs related charges will still be paid by DHL and then either invoiced to the Importer or collected in cash at the time of delivery.



# France VAT Regulatory Changes

## Key Takeaways

### Key Takeaways

- ✓ As of **January 1<sup>st</sup> 2022** All French VAT registered businesses acting as an **Importer of Record (IOR) in France** will be subject to the **mandatory Postponed VAT Accounting (PVA) scheme**
- ✓ **Postponed VAT Accounting (PVA)** means:
  - **Import VAT of shipments into France will no longer be collected by the French Customs Authorities** (upon Import Clearance).
  - **Import VAT will be automatically accounted for under the Importer's (Importer of Record) French VAT number**, via the compulsory reverse-charge mechanism.
- ✓ In order to speed up the clearance process in France shippers should **include the French VAT number of the Importer on the Commercial / Proforma Invoice (French VAT Number of the Importer of Record (IOR) together with the Importer of Record (IOR) Company Info – if different than receiver (Name/Address/Contact/EORI No)**
- ✓ **Private individuals** acting as importers, do not fall under PVA and therefore Import VAT will continue to be collected by the Customs Authorities.





# France VAT Regulatory Changes

## Frequently Asked Questions (FAQs)

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#### Is there a minimum number of imports to be done in order for PVA to apply?

- No. The PVA scheme applies irrespective of the number of imports.

#### Are imports into Monaco and French Overseas territories also impacted by PVA?

- Yes, PVA is also applicable for imports into Monaco and French Overseas territories.

#### What should the shipper do to avoid delays on Import Customs Clearance into France going to VAT Registered businesses?

- In order to avoid delays on Import Customs Clearance into France, shipper must ensure that Commercial/Proforma Invoice includes the:
  - ✓ French VAT Number of the Importer of Record (IOR)
  - ✓ Importer of Record (IOR) Company Info (Name/Address/Contact/EORI No) – if different than Receiver

#### What happens if the French VAT number (of the business importer) is not available on the Commercial/Proforma Invoice data provided by the shipper?

- The French VAT number is required for DHL Express to perform the Import Customs Clearance in France.
- If the French VAT number is NOT available on the Commercial Invoice, the import clearance will be PUT ON HOLD until the information is obtained by DHL.

#### Can DHL Express support me with the French VAT Periodic Returns?

- No, the customer must liaise with its own Tax Advisory for support and/or contact the French *Direction Générale des Finances Publiques* (DGFiP).

# France VAT Regulatory Changes

## External Links | France Customs Authorities

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Please click the links below for additional information & support:

- French Customs Authorities Website | Postponed accounting for import VAT:  
<https://www.douane.gouv.fr/actualites/partir-du-1er-janvier-2022-autoliquider-sa-tva-limportation-devient-obligatoire-et>
- French Customs Authorities Website | Registration with French Customs:  
<https://www.douane.gouv.fr/sinscrire-et-creer-un-compte-personnel-sur-douanegouvfr>
- French Customs Authorities Help Desk:  
**+33 1 72 40 78 50**



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# THANK YOU

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