

VAT GENERAL INFORMATION FOR BUSINESSES

DISTANCE SALES PROVIDERS

What is a Distance Sale?

A distance sale is a supply of goods that are transported from a member state to another member state by or on behalf of the supplier where the goods are acquired by a person who is not providing his supplier with a valid VAT identification number (with a prefix).

What is not considered as a Distance Sale?

The Distance Sale Scheme does not apply where the goods supplied consist of:

- (a) new means of transport; or
- (b) goods that are installed or assembled by or on behalf of the supplier in the Member State where the transport ends; or
- (c) goods that are supplied under a transaction subject to a margin scheme on second hand goods, works of art, collectors' items and antiques in the Member State where the transport begins.

What should the Distance Sales Provider do?

If the supplier is a person registered in another member state and he makes Distance Sales of goods that are transported to Malta, he may elect to charge Maltese VAT and register in Malta. However if during that year or during the calendar year immediately preceding that year, the total value of supplies (transported to customers in Malta) exceeds 35,000 euros then he has to register in Malta and charge VAT in Malta.

If the supplier is a person registered in Malta and he makes Distance Sales that are transported to another member state, he may elect to charge the VAT of the member state of destination and register in that member state. However if during that year or during the calendar year immediately preceding that year, the total value of supplies to (customers in) that member state exceeds the established threshold for Distance Sales according to the legislation in that member state (see table below), then he has to register and charge VAT in that other member state.

A supplier established in Malta who elects to register in another member state for the purpose of making Distance Sales supplies to that member state shall inform the Commissioner in writing specifying the date from which it applies which shall not be earlier than 30 days before the date he provides that information. Such election shall apply to all distance sales for that calendar year and for the next two calendar years.

If the goods sold are excise goods, the threshold does not apply. Consequently, the supplier will always have to register and charge VAT (and excise duties) in the country of the customer.

Table of Thresholds for Distance Sales in different member states

| Member State | Distance Sales Threshold applicable |
|---------------------|--|
| Austria | Euro 35,000 |
| Belgium | Euro 35,000 |
| Bulgaria | BGN 70,000 (Euro 35,791) |
| Croatia | HRK 270,000 (Euro 35,621) |
| Cyprus | Euro 35,000 |
| Czech Republic | CZK 1,140,000 (Euro 41,583) |
| Denmark | DKK 280,000 (Euro 37,498) |
| Estonia | Euro 35,000 |
| Finland | Euro 35,000 |
| France | Euro 100,000 |
| Germany | Euro 100,000 |
| Greece | Euro 35,000 |
| Hungary | Euro 35,000 |
| Ireland | Euro 35,000 |
| Italy | Euro 35,000 |
| Latvia | Euro 35,000 |
| Lithuania | Euro 35,000 |
| Luxembourg | Euro 100,000 |
| Malta | Euro 35,000 |
| Netherlands | Euro 100,000 |
| Poland | PLN 160,000 (Euro 39,822) |
| Portugal | Euro 35,000 |
| Romania | RON 118,000 (Euro 26,700) |
| Slovak Republic | Euro 35,000 |
| Slovenia | Euro 35,000 |
| Spain | Euro 35,000 |
| Sweden | SEK 320,000 (Euro 34,366) |
| United Kingdom | GBP 70,000 (Euro 97,656) |

Source:

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_ec_annexi.pdf

Disclaimer:

Please be advised that the information in these notes is provided as guidance. The notes are simply guidelines and not legal documents providing legally binding rulings. If you require more precise information on how to implement VAT legislation in specific special situations, kindly contact the VAT Department or consult documents available in the special section for Tax Professionals at the VAT Department's website .

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