

## Introduction

The EU “quick fixes” package relating to cross-border trade will come into effect from 1 January 2020.

These short-term measures are designed to improve the day-to-day functioning of the current VAT system until the definitive regime has been fully agreed and implemented (which is now expected to be delayed beyond the original proposed date of 2022). The aim of the quick fixes is to reduce compliance costs and increase legal certainty for businesses.

Here we provide an overview of the proof of transport quick fix and highlight what businesses need to be doing to prepare for the new rules.

## The current rules

Currently a business can zero-rate the intra-Community supply of goods to another business if it can demonstrate that the goods are transported to another Member State.

Member States have discretion over the evidence that is required to prove that the goods were dispatched. This lack of harmonisation can lead to uncertainty for businesses.

## What is changing?

Under the proof of transport quick fix rules it will be presumed that goods were transported to another Member State if the supplier can provide at least two independent, non-contradictory documents evidencing the transport of the goods issued by two different parties that are independent of each other, and of the supplier and customer.

## Points to note

Other issues to be aware of are that:

- if the customer arranges the transport, then the supplier should additionally obtain a written statement from the customer which includes specific information confirming that the goods have been transported for the presumption to apply
- a tax authority can rebut the presumption if they can demonstrate that transport of the goods has not actually taken place, in which case zero-rating will not apply
- if the supplier or customer uses their own means of transport to move the goods the presumption does not apply as it will not be possible to supply evidence by two parties independent of the supplier/customer
- if the presumption conditions are not fulfilled zero-rating will still apply provided the supplier can prove that the substantive conditions for zero-rating (including transport) have been met.

## What businesses need to be doing now

Businesses need to ensure they understand the new rules and can comply with them from January 2020 if they want to take advantage of this simplification.

We recommend that all businesses:

- review and amend as necessary their record retention policy relating to intra-Community transportation documentation to ensure it complies with the new requirements
- liaise with suppliers and customers to implement any changes required to ensure the conditions for the presumption to apply are met.