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VAT: Council agrees to simplify tax collection for imports

The Council of the EU reached agreement on the position of member states (the so-called ‘general approach’) on the directive on value added tax (VAT) rules for distance sales of imported goods and import VAT.

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The directive seeks to improve the collection of VAT on imported goods by making suppliers liable for the VAT paid on imports, which is likely to encourage them to use the VAT import one-stop-shop (IOSS).

Foreign traders or platforms will be made liable for import VAT and VAT on the distance sales of imported goods in the member state of the final destination of the goods.

As IOSS enables VAT payments up front (when the consumer purchases the item) rather than at the border, it protects member states' tax revenues and increases VAT compliance for imports. It also shifts the burden for VAT collection from customers to platforms, something which the Council hopes to achieve for customs duties in its Union Customs Code reform.

Background

On 17 May 2023, the European Commission published a customs reform package consisting of three legislative proposals, one of which was the Council directive on VAT rules for distance sales of imported goods and import VAT.

However, the Council decided to set these original provisions aside and to discuss them in the context of the ongoing customs reform negotiations. The text of the directive on which member states today reached a general approach focuses on measures to encourage use of the IOSS.

More details be found **here** (Council of the EU, press release of 13 May 2025).

Schlagwörter

VAT reform, collection of VAT, import VAT