



Call-off Stock

- By “call-off stock” we refer to situations in which a supplier transports goods to another Member State for their supply at a later stage. At the moment the transport takes place, the supplier already knows the identity of the person that will be acquiring the goods. Transfer of title, however, does not take place at that moment of the transport but at a later stage (when the customer needs the goods for its production processes, for instance).

This currently gives rise to the supplier carrying out a deemed supply (in the Member State of departure of the goods) and a deemed intra-Community acquisition (in the Member State of arrival of the goods), followed by a ‘domestic’ supply in the Member State of arrival when transfer of title occurs, and requires him to be identified for VAT purposes in that Member State.

Despite of that, several Member States introduced simplifications to the above treatment thus considering, in some cases, that there was a direct intra-EU supply at the moment of dispatch of the goods. In other cases, the intra-EU supply was considered to take place at the moment of transfer of title to the goods – disregarding the intra-EU transfer – though this might be subject to time limits, etc.

Thus, it has been considered necessary to harmonize the applicable rules to this type of supplies, as follows:

a. Conditions for call-off stock arrangements to benefit from the new rules

- The call-off stock arrangements that will benefit from the new simplified rules applicable as of January 1, 2020 need to meet all the following conditions:
 - (a) goods are dispatched or transported by a taxable person, or by a third party on his behalf, to another Member State with a view to those goods being supplied there, at a later stage and after arrival, to another taxable person who is entitled to take ownership of those goods in accordance with an existing agreement between both taxable persons;
 - (b) the taxable person dispatching or transporting the goods has not established his business nor has a fixed establishment in the Member State to which the goods are dispatched or transported;
 - (c) the taxable person to whom the goods are intended to be supplied is identified for VAT purposes in the Member State to which the goods are dispatched or transported and both his identity and the VAT identification number assigned to him by that Member State are known to the taxable person referred to in point (b) at the time when the dispatch or transport begins;
 - (d) the taxable person dispatching or transporting the goods records the transfer of the goods in the register provided for in Article 243(3) and includes the identity of the taxable person acquiring the goods and the VAT identification number assigned to him by the Member State to which the goods are dispatched or transported in the recapitulative statement provided for in Article 262(2).

b. Applicable rules

- In the above cases, an intra-EU supply of goods in accordance with Article 138(1) shall be deemed to be made by the taxable person that dispatched or transported the goods and an intra-Community acquisition of goods shall be deemed to be made by the taxable person to whom those goods are supplied in the Member State to which the goods were dispatched or



transported. Both taxable events take place at the moment of transfer of title to the goods, provided that such transfer of title occurs within 12 months after the arrival of the goods in the Member State to which they were dispatched or transported.

If the time limit is exceeded, a transfer of own goods within the meaning of Article 17 of the Directive will be deemed to take place on the day following the expiry of the 12-month period.

This transfer of own goods will also be deemed to occur in case any of the conditions for the call-off stock arrangements to benefit from the simplified rules ceases to be met (and from that very same moment); if the goods are sent to another EU MS, in which case the transfer of own goods is deemed to occur immediately after the transport to the “new” MS takes place, or in the event of the destruction, loss or theft of the goods, in which case, the transfer of own goods will be deemed to occur on the date that the goods were actually removed or destroyed, or, if it is impossible to determine that date, the date on which the goods were found to be destroyed or missing.

However, the simplification is not lost in case the goods are dispatched back to the MS of origin (before the mentioned 12-month period) and such return of goods is posted in the register under art 243(3) of the Directive.

In case the original acquirer of the goods is substituted by another taxable person, no transfer of goods shall be deemed to take place at the time of the substitution either, provided that all other applicable conditions are met and the substitution is recorded by the supplier in the register provided for in Article 243(3).