

VAT treatment of call-off stock arrangements

This document should be read in conjunction with sections 23 and 23A of the Value-Added Tax Consolidation Act, 2010.

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1 Introduction

This guidance sets out details of the VAT treatment of call-off stock arrangements.

While goods can continue to be supplied under call-off stock arrangements under the provisions of section 23 of the Value-Added Tax Consolidation Act, 2010 until the 31st of December 2019, all goods supplied under call-off stock arrangements are specifically excluded from those provisions from the 1st of January 2020.

The guidance also sets out the details on the application of a simplification measure for call-off stock arrangements which must be applied from the 1st of January 2020. This measure provides for a simplified VAT treatment of goods transferred under call-off stock arrangements where certain prescribed conditions are met.

The measures set out in the guidance do not apply to a transfer of goods to or from non-EU Member States.

1.1 Consignment stock

It should be noted that the call-off stock arrangements measure does not apply to goods transferred as consignment stock. Consignment stock is a term used to describe a movement of goods by a supplier in one Member State to another Member State to be held in stock there and provided to customers as required. The goods remain under the control of the supplier and are not intended for any one known customer at the time of transport. It is therefore important to note the difference between call-off stock arrangements and consignment stock arrangements.

2 Call-off stock arrangements

In practical terms the call-off stock arrangements will normally operate as follows;

- goods are dispatched from one Member State to another under a pre-existing agreement between the supplier and the intended purchaser
- when the goods are transported, the identity of the intended purchaser of the goods is known to the supplier
- the goods are warehoused in the Member State to which they have been dispatched, so that they are available for call-off by the purchaser as required, and
- the agreement provides that ownership of the goods only transfers to the purchaser at a time later than their arrival in the Member State to which they have been dispatched.

It should be noted that the call-off stock arrangements can apply where there are multiple intended purchasers for the stock of goods transferred, as long as all conditions are met, and the details of the goods intended to be supplied to each purchaser are known by the supplier at the time of transport of the goods.

3 Simplification measure

Where certain conditions are met the simplification measure must apply to call-off stock and at the time ownership of the goods transfers to the purchaser:

- the supplier will be deemed to have made an intra-Community supply of goods in the Member State from which the goods were dispatched
- the purchaser will be deemed to have made an intra-Community acquisition of those goods in the Member State to which the goods have been dispatched, and
- the transfer of ownership of goods in the Member State to which the goods have been dispatched will be deemed not to be a supply for VAT purposes.

4 The conditions for the simplification measure to apply

The simplification measure must be applied where **all** of the following conditions are met:

- the supplier has neither established his business nor does he have a fixed establishment in the Member State to which the goods are dispatched
- the goods are dispatched by or on behalf of the supplier to the other Member State, in accordance with a pre-existing agreement between the supplier and the intended purchaser
- ownership of the goods only transfers to the purchaser at a time after the arrival of the goods in the other Member State but within 12 months of that arrival
- the purchaser is identified for VAT in the Member State to which the goods were dispatched
- the identity and VAT number of the intended purchaser is known to the supplier at the time the goods are dispatched, and
- the supplier keeps a record in relation to all transactions to which the simplification measures apply.

In relation to these conditions it should be noted that:

- the conditions for the simplification measure to apply are not met if the supplier is established or has a fixed establishment in the Member State to which the goods have been dispatched or transported, irrespective of whether that establishment intervenes in the supply of call-off stock
- the supplier may be registered for VAT in the Member State to which the goods were dispatched and still meet the conditions for the simplification measure to apply.

4.1 Business and fixed establishment

The warehousing of call-off stock may or may not constitute an established business or fixed establishment depending on the particular circumstances:

- where the warehouse to which the goods are transported under call-off stock arrangements is owned and run by a person other than the supplier, the warehouse will not be seen as a fixed establishment of the supplier
- where the warehouse is owned (or rented) and is directly run by the supplier with its own means/resources present in the Member State where the warehouse is located, this warehouse shall be seen as a fixed establishment of the supplier
- where the warehouse is owned (or rented) by the supplier, it will not be seen as a fixed establishment of the supplier where it is not run by the supplier with its own means/resources or if those means/resources of the supplier used to run the warehouse are not located in the Member State where the warehouse is located.

5 Obligations of the supplier

The obligations of the supplier, in circumstances where the simplification measure applies, must be considered both when the goods are dispatched to the other Member State and when the ownership of the goods transfers to the purchaser.

At the time the goods are dispatched or transported to another Member State:

- the supplier is deemed not to have made a supply of those goods in the Member State from which the goods are dispatched, and
- the supplier is deemed not to have made an intra-Community acquisition of those goods in the Member State to which the goods have been dispatched.

However, the supplier of the goods must retain information in his or her books and records in relation to the call-off stock and must record the transfer in the VIES return in the Member State from which the goods were transferred.

The entry on the VIES return in relation to the movement of the goods should consist **solely** of the VAT identification number of the intended purchaser of the goods. The absence of an entry indicating the value of the goods transferred will identify the entry on the return as relating to the transfer of goods under the simplification measure.

When ownership of the goods transfers to the purchaser:

- the supplier will be deemed to have made an intra-Community supply of goods in the Member State from which the goods were dispatched, and
- the transfer of ownership of the goods from the supplier to the purchaser is deemed not to be a supply of goods for VAT purposes in the Member State to which the goods are dispatched, i.e. no domestic supply is considered to have been made by the supplier in the Member State to which the goods have been dispatched.

6 Records to be retained by the supplier

The records retained by the supplier in relation to the application of the simplification measure must include the following:

- the Member State from which the goods were dispatched or transported, and the date of dispatch or transport of the goods
- the VAT identification number of the taxable person for whom the goods are intended, issued by the Member State to which the goods are dispatched or transported
- the Member State to which the goods are dispatched or transported, the VAT identification number of the warehouse keeper, the address of the warehouse at which the goods are stored upon arrival, and the date of arrival of the goods in the warehouse
- the taxable amount, description and quantity of the goods that arrived in the warehouse
- the VAT identification number of the taxable person substituting for the intended purchaser, if required
- the taxable amount, description and quantity of the goods in respect of which ownership has transferred to the purchaser, the date ownership of those goods transferred and VAT identification number of the purchaser
- the taxable amount, description and quantity of the returned goods and the date of the return of the goods, being goods, which have been returned to the original Member State of dispatch within 12 months of arriving in the State, without ownership of the goods having transferred to another person, and
- in the case where any of the conditions for the application of the simplification measure is no longer met, the taxable amount, description and quantity of the goods, together with information identifying;
 - the condition which has ceased to be met
 - the date on which that condition ceased to be met.

7 Obligations of the purchaser

When a purchaser acquires goods in such circumstances that the simplification measure for call-off stock arrangements apply, information must be retained in relation to the goods acquired from the date of their arrival in the State.

When ownership of the goods transfers from the supplier to the purchaser, the purchaser:

- is deemed to have made an intra-community acquisition of those goods at that time and should account for VAT on the acquisition as appropriate, and
- is obliged to retain information in his/her books and records about the goods purchased under the simplification measure.

8 Records to be retained by the purchaser

The records retained by the purchaser in relation to the simplification measure must include the following:

- the VAT identification number of the supplier who transferred the goods under simplified call-off stock arrangements
- the description and quantity of the goods intended to be supplied to that purchaser
- the date on which the goods arrived in the warehouse
- the taxable amount, description and quantity of the goods actually supplied/drawn from stock and the date of the intra-Community acquisition of those goods by the customer
- where relevant the description and quantity of goods, and the date on which those goods are removed from the warehouse by order of the supplier, for example where the goods are returned by the supplier to the Member State of dispatch
- where relevant the description and quantity of goods destroyed or missing and the date of destruction, loss or theft of those goods or the date on which the goods were found to be destroyed or missing.

Where, however, the goods are transferred by the supplier to be held in stock by a warehouse keeper, who is a third party and not the intended purchaser, the purchaser does not need to record the following information in their records:

- The date on which the goods arrive in the warehouse
- where relevant, the description and quantity of goods, and the date on which those goods are removed from the warehouse by order of the supplier
- where relevant, the description and quantity of goods destroyed or missing and the date of destruction, loss or theft of those goods or the date on which the goods were found to be destroyed or missing.

This information will be retained by the third-party warehouse keeper.

9 Change of circumstances following dispatch of goods under the simplification measure

The following paragraphs outline whether, following a change in circumstances, the conditions for the simplification measure continue to apply:

9.1 The twelve-month time limit

In relation to the application of the twelve-month time limit for goods held under the simplification measure, the time limit is determined by reference to the date of arrival of the goods in the Member State to which they were dispatched, and this is so regardless of whether there is a change in the intended customer after that date.

In the case of bulk goods held, such as oil or grain, a “first in first out” basis should be used in respect of each individual purchaser, to determine the date of arrival of the goods in the State.

9.2 Substitution of intended customer within 12 months

If, after the goods have been dispatched to another Member State under the simplification measure, there is a change in the intended purchaser of those goods, the simplification measure continues to apply where:

- the change in the intended customer occurs within 12 months of the goods having arrived in the Member State to which the goods were dispatched
- all other conditions necessary for the application of the measure continues to be met, and
- the supplier retains details of the change in intended purchaser in his/her records.

It should be noted that if the agreement with an intended purchaser is cancelled prior to the agreement with the substitute purchaser being in place, the conditions for the simplification measure to continue would cease to be met at the time that agreement was cancelled.

The treatment outlined above applies equally where there is a change in intended purchaser in respect of part only of the stock held under the simplification measure or where there are multiple consecutive changes in the intended purchaser.

Where there is a substitution of an intended purchaser, the supplier is required to record the substitution on his/her VIES return for the period in which the substitution takes place. The entry on the VIES return should consist of the VAT identification number of the substitute intended purchaser and the VAT identification number of the previous intended purchaser.

9.3 Goods returned to Member State of dispatch within 12 months, without transfer of ownership

If goods are returned to the Member State from which they were dispatched within 12 months of arrival into stock in the Member State to which they were originally dispatched, the intra-Community movement of such goods will not be deemed to be a supply for VAT purposes where:

- ownership of the goods has not transferred, and
- the supplier retains in his or her records the description, quantity, value and the date of return of the goods.

The supplier also has an obligation to record the return of the goods in their VIES return, by entering the VAT identification number of the intended purchaser and a prescribed marker which indicates the goods are returns.

10 What happens when the conditions cease to be met

The simplification measure will cease to apply where any of the conditions necessary for its application are no longer met.

At the time when the conditions cease to be met, the supplier:

- will be deemed to have made an intra-Community supply of goods in the Member State from which the goods were dispatched: this supply will be reported on the supplier's VIES return, and
- will be deemed to have made an intra-Community acquisition of those goods in the Member State to which the goods were dispatched.

The time at which the conditions for the simplification measure ceases to be met is clarified in relation to certain circumstances, as follows.

10.1 Where the goods are transferred to a person other than the intended purchaser

Where the call-off stock is transferred to a person other than the intended purchaser or a substitute purchaser, the simplification measure will cease to apply. This cessation will be deemed to occur immediately before the transfer to that other person.

The supplier will treat the transfer of ownership of the stock to the new purchaser as a domestic supply in the Member State to which the goods were originally dispatched.

10.2 Where goods are transferred to another country

If call-off stock, dispatched or transported to a country and held in that country under the simplification measure, is subsequently transferred to another country (other than the country from which they were originally dispatched), the conditions for the simplification measure to exist will cease to be met immediately before the dispatch or transport of those goods to that other country.

The transfer of stock to the other country will be treated as a separate supply of goods in the Member State to which they were originally dispatched. This new supply, being an intra-Community transfer of goods, may require to be dealt with under the simplification measure depending on the circumstances of their transfer.

10.3 Destruction, loss or theft of goods

In the event of the theft, loss or destruction of goods to which the simplification measure applied, the time when the conditions for those arrangements will cease to be met in respect of those goods is the date of theft, loss or destruction. If the date of theft, loss or destruction cannot be determined, that date is assumed to occur on the date on which the theft, loss or destruction becomes known.

Details of any goods that are destroyed, lost or stolen must be included in the books and records maintained by the supplier and maintained by the customer.

Notwithstanding the above, Revenue will accept that the conditions for the simplification measure can continue, in the event of small losses of goods, arising from:

- the actual nature of the goods
- unforeseeable circumstances, or
- an authorisation or instruction by the competent authorities.

For this purpose, a “small loss of goods” means losses that amount to less than 5% of the value or quantity of the total goods held under the simplification measure as it stands on the date this condition would otherwise have ceased to be met.

10.4 Ownership of the call-off stock is not transferred within 12 months

The simplification measure ceases to apply where ownership of goods is not transferred to the intended purchaser, or to a substitute purchaser, within 12 months of the date of arrival of the goods in the Member State to which they were dispatched. Where the ownership of the goods is not transferred within the 12-month period, the following will occur on the day after the 12-month period ends:

- the supplier will be deemed to have made an intra-Community supply of goods in the Member State from which the goods were dispatched, and
- the supplier will be deemed to have made an intra-Community acquisition of those goods in the Member State to which the goods were dispatched.

11 VAT treatment where the simplification measure does not apply

Where the simplification measure does not apply the supplier is required to register for VAT in the Member State to which the goods have been dispatched or transported. He or she must apply VAT to those supplies as follows:

- the dispatch or transport of those goods will be treated as an intra-Community supply of goods by the supplier in the State from which the goods are dispatched or transported
- the supplier the goods will be deemed to have made an intra-Community acquisition of those goods in the Member State to which the goods are dispatched. VAT must be accounted for on that intra-Community acquisition of the goods and a claim for a deduction can be made, as appropriate, for that VAT paid, and
- the supplier will be obliged to charge VAT, as appropriate, on the transfer of ownership of the goods to the purchaser, under the call-off stock arrangements in place, as a domestic supply of goods in the Member State to which the goods are dispatched or transported.