

VAT Distance Selling Threshold – French change

The VAT Distance Selling threshold for sales into France has been reduced from €100,000 to €35,000 with effect from 1st January 2016. The relevant legislation is Article 9 of Law No. 2015-1785 of 29 December 2015.

The following English text has been provided to us on the change.

As from the 1er January 2016, threshold for distance selling in France falls from 100 000 € to 35 000 €.

The distance selling threshold is now 35 000 €. If the annual value of distance sales into France is less than the distance selling threshold, businesses need to charge VAT at the rate that applies in the country from where they make the sales.

If the value of the distance sales goes over the limit then businesses have to register for French VAT. You then charge VAT on your VAT taxable sales at the French rate instead of using your own country's rate and account for it here. You can apply to register for French VAT as a distance seller voluntarily, even if you don't exceed the threshold.

To apply, the amount of this threshold must be exceeded the previous calendar year, or, failing that, the current calendar year at the time of the considered distance sales. However, when the amount of the delivery results in the exceeding of the threshold, the place of this delivery is situated in France. It's the same for the later deliveries, whatever is the amount.

Example 1: if a Spanish seller realized in 2015 the distance sales to France for an amount equal or upper to 100 000 €, the place of the sales in 2016 is located in France from the 1st euro.

Example 2: if a German seller realized in 2015 the distance sales to France for a 60 000-€ amount, the place of its distance sales in France undertaken during the course of the year 2016 is situated in Germany as long as the 35 000-€ threshold is not reached.

The distance sales made in 2016 to France which results in the overtaking of this threshold as well as the later sales will be situated in France.