

VAT ALERT

VAT measures that come into force on January 1st, 2023

On January 1st, 2023, some important changes happened to the French VAT system:

1. In accordance with Article 65 of the VAT Directive, where a payment is to be made on account before the goods are supplied, VAT shall become chargeable on receipt of the payment and on the amount received.

Till now only installments paid before the supply of services were chargeable events.
2. According to Article 11 of the VAT Directive, it will be possible to regard as a single taxable person any persons established in the territory of that Member State who, while legally independent, are closely bound to one another by financial, economic and organisational links. Taxable persons which want to benefit from this provision have to exercise an option before October 31st of the previous year.
3. French tax code is modified for transfer of a totality of assets or part, so that it will be completely in line with Articles 19 and 29 of the VAT Directive according to which no supply of goods or of services take place in case of such transfers.
4. French regulations applicable to subsidies and indemnities have been updated to be in line with ECJ cases (ECJ 23 December 2015 C 250/14 and C 289/14 Air France KLM).

For more information, please do not hesitate to contact us.



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