

Distance selling through internet, also called e-commerce, may result in VAT registration in France and French VAT compliance.

Indeed foreign sellers, who sell goods online to individual consumers located in France, may have to register to VAT in France, even if they don't have any office or permanent establishment in France.



### Online sales and VAT

The E.U. VAT legislation stipulates that:

- If the distance sales to individuals in another country are below a certain threshold, the sale is liable to VAT in the country of the seller.
- If the threshold is reached or crossed, the sale is liable to VAT in the country of the individual consumers.
- Even if the distance sales to individuals in a country have not reached the threshold, the seller can exercise an option in order to submit these sales to the VAT in that country.
- Please note that some goods, like means of transport, are not in the scope of this regulation.

In France, since 1st January 2016, the threshold is **35,000 Euros** per year, tax excluded.

As a result, if a foreign seller makes more than 35,000 Euros of annual turnover with individual consumers residing in France, the sales are liable to French VAT and the seller has to register to VAT in France.

### Registration to VAT in France

The foreign seller will have to register to VAT in France and get a French VAT number.

A special tax administration office in France is dedicated to the registration of foreign distance sellers.

The seller will have to fill in a questionnaire, about his activity in his country and about his activity in France. He will have to provide some documents, as memorandum of articles, VAT certificate, etc., as well.

If the foreign seller is established outside of the European Union, he has to appoint a tax agent, i.e. a company that is already registered to VAT in France, and that will file the VAT returns and pay the VAT on his behalf.

Please note that when registering to VAT in France, it doesn't mean that the seller is registered as a permanent establishment in France. He will have to comply with French VAT compliance, and possibly to French intrastat compliance, but he will not be liable to corporate tax in France.

However, the seller should be careful that the development of his activity in France does not create a permanent establishment (employment of sales people in France, etc.)

### VAT compliance

VAT returns have to be filed every month, even at nil, if the annual net payable VAT is higher than 4,000 Euros. If it is lower, the VAT returns may be filed only quarterly.

French VAT on purchases relating to the taxed sales (warehouse, transport, etc...) may be deducted from the VAT Payable.

### Intrastat compliance

If the seller, registered to VAT in France, delivers goods from another EU member state to France, for an annual total amount higher than 460,000€, he has to file intrastat returns each month when goods are delivered to France.

Your Chartered Accountant is your best consultant.

**Don't hesitate to contact us!**

This information is only a rough summary. It does not cover all the situations nor resume the whole French Employment Code - which is very intricate. Please contact us for accurate information adapted to your situation. We cannot be held responsible for any misinterpretation of this document. Edition Jan-16