



**EU-CUSTOMS CLEARANCE
AND FISCAL REPRESENTATION
IN FRANCE**

1. INTRODUCTION	4
2. FISCAL REPRESENTATION	5
Reduction in administrative costs	
Advance payment of VAT	
Refund of VAT in the case of returns	
Unsold stocked goods are subject to tax	
The advantages of fiscal representation	
3. EU CUSTOMS CLEARANCE	7
Procedure for EU customs clearance	
EU customs clearance without your own Ust-ID number (selective fiscal representation)	
EU customs clearance with your own Ust-ID number (with fiscal representative)	
The advantages of EU customs clearance	
4. FISCAL REPRESENTATIVES IN FRANCE	9
5. PRACTICAL PROCEDURE FOR FISCAL REPRESENTATIVE	10
Written confirmation for the French tax office	
Mandate relationship with Schneider Transports SA	
Opening of a bank account in France	
Collective invoice	
Invoicing	
Document flow and deadlines	
Intrastat declaration	
Templates	
6. CONFERRING A MANDATE FOR GENERAL FISCAL REPRESENTATION	11
Mandate	
Introduction deadline	
Costs and fees	
Bank guarantee	
Scope of services	
Liability	
Termination of the contractual relationship	
Other	
7. MANDATE FOR SELECTIVE FISCAL REPRESENTATIVE	13
Mandate / Authorisation	
Introduction deadline	
Costs and fees	
Bank guarantee	
Scope of services	
Liability	
8. CONTACT	14
Your contact person	

1. INTRODUCTION

Every commercial activity in the EU is subject to **VAT**. Every company/tradesperson who/that is invoiced with VAT is entitled to deduct this from its/their own VAT declaration as so-called pre-tax.

This means that the invoiced VAT can be claimed as pre-tax only by the companies/tradespeople that/who have to submit the VAT declaration themselves.

In the case of foreign companies this condition is met only if they have a permanent branch in the EU.

However, most of the foreign companies that export to the EU do not meet this requirement.

They invoice the delivery in foreign currency and leave it to the EU customer, usually via the forwarding agent, to pay the VAT on imports. With an appropriate receipt the EU customer is then able to claim this VAT as pre-tax.

Other foreign companies that export to the EU commission an importer to handle customer service and all the associated invoicing matters.

The system of **fiscal representation** can avoid all the disadvantages relating to tax.

2. FISCAL REPRESENTATION

Reduction in administrative costs

EU customers are more willing to purchase non-EU goods directly if they are not faced with import and tax issues such as the advance payment of VAT.

This is especially true for retailers, who are often not familiar with such tasks.

Advance payment of VAT

Your forwarding agent issues a VAT receipt for the EU customer. The importer usually receives a separate invoice from the forwarding agent for clearing goods for import and for all of the costs associated with VAT. In certain circumstances the VAT charge is also levied for cash on delivery.

Refunding of VAT in the case of returns

Returns, for whatever reason they are made, can scarcely be avoided. Exhibition costs, advertising costs and transport costs in the EU, as well as various expenses such as fees, installation costs, etc., are normal.

Without fiscal representation, VAT on credit items, discounts and other costs is not tax-deductible for the reasons already referred to in the introduction.

Unsold stocked goods are subject to tax

A consignment warehouse is set up at a customer's site.

Usually the supplier finances the import VAT. If no or little turnover is made ex warehouse, a credit remains on the appropriate tax-office account.

This credit cannot be refunded.

The advantages of fiscal representation:

- If you appoint a fiscal representative, for example in France, you are virtually the equal of a French or an EU supplier
- Invoices in euros
- VAT is designated implicitly as pre-tax (for France)
- Uniform payment conditions for the total tax
- The non-EU supplier becomes a tax native
- A refund of VAT credit can be requested from the tax office
- **Supplies to other EU states are tax-free and are regarded as “intra-community supplies”**

3. EU CUSTOMS CLEARANCE

Procedure for EU customs clearance

Your shipment from Switzerland or another non-EU country to an EU customer is cleared or duty is paid on it at the border crossing at the EU outer border and thus imported into the EU.

As of this point in time your supplies are considered as intra-community shipments.

EU customs clearance without your own Ust-ID number (selective fiscal representation)

We provide you with the Turnover Tax Identification Number (Ust-ID number) required for customs clearance and take on the declaration duty relating to the required tax and intrastat declarations for you.

We have been carrying out this procedure for years to the complete satisfaction of a wide range of logistics customers from Switzerland and other non-EU states.

EU customs clearance with your own Ust-ID number (with fiscal representative)

From a sales/export volume of around 30 or more deliveries a month within the EU or a member state we recommend that you apply for your own Ust-ID number. This will give you and your customers both tax benefits (VAT-exempt deliveries) and fiscal benefits (optimised cash flow).

Having your own Ust-ID number is a prerequisite for your transactions within two or more EU member countries with invoicing from a non-EU state. In this case you have a duty to make periodic tax and intrastat declarations; or your fiscal representative can take on this duty.

The advantages of EU customs clearance:

- VAT-exempt, intra-community supplies
- no cash deliveries, submission commission and interest for the import turnover taxes (16 - 25% depending on country of destination)
- increased competitiveness in the EU market as your supplies can be processed without any additional administrative expenditure
- you can act as a "normal" EU supplier.

4. THE FISCAL REPRESENTATIVE IN FRANCE

The legal basis for fiscal representation is based on article 26, section 5 of appendix I of the general German Tax Code. The fiscal representative has to:

- draw up every month the VAT declaration for the French turnover and pay the fiscal amounts owed to the relevant tax office
- draw up every month the VAT drawback entries due
- transfer the refunded amounts to the foreign client.

A prerequisite for the exercise of the mandate is an exact knowledge of the French regulations relating to VAT.

The fiscal representative is absolutely liable for the amounts owed by his/her client to the French tax office, including the fiscal penalties incurred in the case of late or irregular declarations.

A relationship of trust with the client is therefore a prerequisite for the collaboration.

A mandate is conferred on our French affiliate –

SCHNEIDER TRANSPORTS SA

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5. PRACTICAL PROCEDURE FOR FISCAL REPRESENTATIVE

Written confirmation for the French tax office

- The fiscal representative acts on behalf of the foreign company.
 - The mandate has to be submitted to the French tax office in writing.
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Mandate relationship with Schneider Transports SA

- The mandate relationship is with Schneider Transports SA and is based on a written agreement.
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Opening of a bank account in France

- The foreign customer opens an appropriate account at an accredited bank in France.
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Collective invoice

- The foreign customer has the opportunity to declare all the individual consignments delivered on one day using a global collective invoice. This means that only a single collective customs clearance is required, which cuts costs.
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Invoicing

- The invoices for the customer are drawn up taking into account the regulations in force in France.
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Document flow and deadlines

- Outgoing invoices for the current month with any original supporting documents relating to the invoiced pre-taxes from the previous month should be delivered to the fiscal representative.
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Intrastat declaration

- The declaration relating to any EU internal purchases and/or sales should be drawn up on a monthly basis.
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Templates

- We provide you with the appropriate templates free of charge.

6. CONFERRING A MANDATE FOR GENERAL FISCAL REPRESENTATION

Mandate

The company to be represented has to submit the mandate conferred on SCHNEIDER TRANSPORTS SA to the French tax office, the French bank and all other involved parties immediately.

The represented company undertakes to comply with all formal requirements of a customs and tax and possibly a currency-exchange nature immediately on conferment of the mandate.

SCHNEIDER TRANSPORTS SA will be obliged to meet its obligations arising from the representation mandate only after these requirements have been met.

Introduction deadline

On submission of the required documents the French administration sets a period of around three weeks for the delivery of the required authorisations.

Costs and fees

The agreements covering costs and fees are valid for one year. The minimum duration of the contract is one year.

Bank guarantee

The company that has fiscal representation has to procure an absolute guarantee for SCHNEIDER TRANSPORTS SA to cover liability with regard to the tax office.

Scope of services

The agreed costs/fees relate only to the usual procedure regarding the tasks associated with fiscal representation.

Liability

This documentation is based on the information and legal requirements currently available to us.

Termination of the contractual relationship

After the termination of the contractual relationship as a fiscal representative the principal has to leave the sureties provided (bank guarantee, etc.) in place for a period of three years.

This period covers the possible period of inspection and additional demands by the French tax authorities.

Schneider Transports SA will remain fully liable towards the French state for three years from the termination of the mandate.

Other

Fiscal representation will be taken on only in connection with transport and customer-clearance services.

7. AUTHORISATION FOR SELECTIVE FISCAL REPRESENTATION

Mandate / Authorisation

The company represented confers a mandate on SCHNEIDER TRANSPORTS SA.

The company represented undertakes to comply with all formal requirements of a customs and fiscal nature as of the conferment of the mandate.

Introduction deadline

There is no introduction deadline.

Costs and fees

The agreements relating to costs and fees are concluded on an individual basis. They are usually valid for a year.

Bank guarantee

No bank guarantee needs to be provided.

Scope of services

The agreed costs/fees relate only to the usual procedure regarding the tasks associated with selected fiscal representation.

Liability

This documentation is based on the information and legal requirements currently available to us.

8. CONTACT

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