

Zero rated removals of goods to other EU member states*JP Commodities Ltd*

A recent hearing at the High Court has upheld a VAT Tribunal decision that for a trader who wished to zero rate a supply of goods to a customer in another member state there is a requirement to obtain and show on its VAT sales invoice the customer's VAT registration number.

In this particular case, the customer was based in Gibraltar and had the goods delivered to an address in Belgium. Although the customer was not VAT registered in Belgium, despite the fact it should have been, the taxpayer treated their supplies to them as zero rated exports but Customs were of the opinion that there was not entitlement to apply zero rating due to the fact the customer's VAT registration number had not been shown on the invoice.

Customs had relied on Public Notice 725 which identified their requirement for zero rating of such sales invoices and the Tribunal was of the opinion the notice was consistent with the requirements of the Sixth VAT Directive and the taxpayer had failed to satisfy the requirements to enable its supplies to be zero rated.

The High Court dismissed the taxpayer's appeal against the decision to impose VAT on the transaction and expressed the opinion that Notice 725 was not contrary to the Sixth Directive and it was a requirement for the supplier to show on its VAT sales invoice the customer's VAT registration number to enable the supply to be zero rated.