Transport of goods to another Member State for them to be used for business purposes

In addition to the sale of goods, the transport of goods to another Member State for them to be used for business purposes there is also regarded as intra-Community supply. For example, a company may take goods to its company, branch, etc. registered as a taxable person in Finland either for resale or for its business purposes there.

When goods are transported to another Member State for them to be used for business purposes there, the taxable value of the supply is the purchase price of the goods or, in the absence thereof, the value determined on the basis of the cost price at the time of the transaction.

The intra-Community transport of goods from one Member State to another for business purposes there requires that in the other Member State the delivery is treated as intra-Community acquisition of goods. Since this is also the case when the goods are transported to another Member State for purposes other than sales, the Estonian company will normally have to register as a taxable person in that other Member State.

Example
An Estonian taxable person has a construction company registered as a taxable person in Finland, which sells construction works installed on site. The purchasers of the construction works can be both companies registered as taxable persons in Finland as well as individual consumers. The delivery of construction material from Estonia to Finland is treated as intra-Community movement of goods from one Member State to another for business purposes there and the installation of the construction works as the provision of a service. In the case of the provision of services related to immovable property, the place of supply is the country in which the property is located, so the service provided is taxed in Finland. The sales are declared as follows:

- the taxable value of construction materials transported from one Member State to another is declared as intra-Community supply of goods at a rate of 0% (clause 2 of subsection 3 of § 15 of the VAT Act),

- the value of the construction material is declared in the report on intra-Community supply.

Therefore, intra-Community supply of goods is deemed to be transactions between taxable persons of two Member States where, at the time of the supply, the goods are located in one Member State and are transported to the purchaser (or also by the purchaser) to another Member State. Thereby the supply is deemed to have taken place in the country of departure from where the goods were transferred, but taxation takes place in the country of destination of the goods.

When goods are sold to other persons who are not taxable persons (for example, a natural person), the goods are subject to taxation in the country of transfer. As an exception, a person who is not registered as a taxable person or a taxable person with limited liability and who acquires a new means of transport or alcohol, tobacco product or fuel (except natural gas) from another Member State must pay VAT in his or her country, except for a natural person who acquires alcohol, tobacco product or fuel for his own use (subsection 6 § 3 of the VAT Act).

As of 1 January 2020, the transfer of goods delivered from Estonia to another Member State as call-off stock is deemed to be intra-Community supply of goods (clause 4 of subsection 1 of § 7 of the VAT Act).

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