

# Olympic Games 2024 & VAT

18 October 2022



# Presentation





# Context and objective



Organisation of numerous events in France on the occasion of the Olympic and Para-Olympic Games, in France, in 2024 (in addition to the Rugby World Cup, etc.)

## The content of the operations carried out on this occasion are very varied:

- Transactions involving **services**: accommodation, passenger transport, room hire, organisation of visits/activities, catering, translators, photographers, guides and speakers, etc
- Transactions involving **goods**: decorations, goodies, advertising material, etc

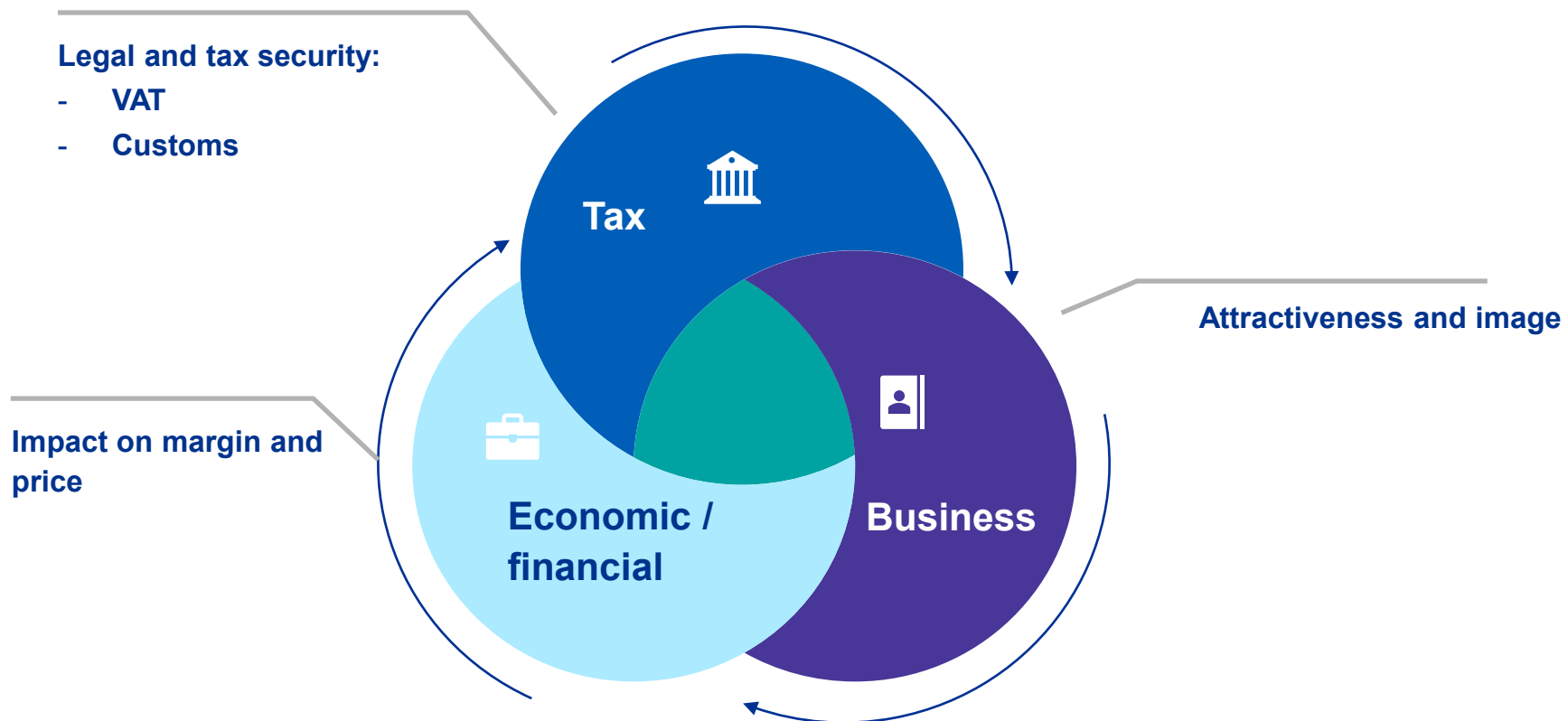
## Many stakeholders:

- **Service providers**: hotels, transporters, room hire companies, restaurants, guides, museums, ...
- **Event companies / TOs / travel agencies / tourist offices (i.e. intermediaries)**: who will organise and package the various components of the event
- **Consumer/customer** B<sup>2</sup>B and B<sup>2</sup>C

**Main objective**: to avoid, as far as possible, VAT becoming a burden

# Common issues

Work upstream, i.e. at the time of invitations to tender, drawing up quotations and commercial negotiations, in order to understand the following issues:



# VAT issues

## Reminder of the issues



**Warning: The French transposition of the VAT rules may be different than the one in other EU Member state.**

- The qualification of a transaction depends on its VAT regime
- **Several VAT regimes are automatically applicable:** organization of events / travel agents' margin scheme (TOMS) / right of access.
- In particular, each scheme has :
  - Its own VAT treatment (taxable vs. exempt; normal vs. margin);
  - its own exemption rules;
  - its own limitations in terms of VAT recovery.

# VAT issues

## Reminder of the main VAT schemes concerned

### **Organisation of events :**

*VAT regime / territoriality:* common law regime > taxation at the place of establishment of the customer (B<sup>2</sup>B flows)

*Rate:* 20% on the total price (when invoiced to a customer established in France); excluding VAT when invoiced to a customer established outside France.

*Right to deduct:* VAT recoverable for the taxable recipients (if the expense is of a professional nature)

### **VAT scheme on the margin for travel agents :**

*VAT scheme:* special scheme for taxation on a reduced margin basis

*Territoriality:* place of establishment of the supplier

*Rate:* 20% on the margin

*Right to deduct:* VAT on expenses directly linked to the trip not recoverable

### **Right of access :**

*VAT system:* taxation at the place of the event

*Rate:* application of the reduced rate, particularly to cultural services

*Right to deduct:* VAT recoverable for the taxable recipients (if the expense is of a professional nature)

# VAT issues

## Other issues



- **Intermediary operators can operate under different business models: undisclosed vs. disclosed (“opaque” vs. “transparent”)**

Each of these two business models has advantages and disadvantages.  
The disclosed model generally allows a better recovery of VAT.

- **Some transactions (supply of goods or services) do not give rise to a right to deduct VAT - or offer a partial deduction**

VAT is not recoverable by the customer when his supplier has applied the VAT margin scheme to his transaction.

VAT is only partially recoverable in France on certain goods (e.g. fuel) and services (e.g. hotel).

VAT is only recoverable when the customer is in possession of a valid invoice.

- **Special attention to the risk of permanent establishment**

# VAT issues

## Points of attention



### Contracts:

- they must reflect the economic reality of the transaction
- they will determine the VAT regime of the flows since the qualification of a transaction is made on the basis of the contract



### Invoices:

- they must reflect the content of the contract
- they may have an impact on the VAT regime of the transaction
- they are an essential condition for the right to deduct



### The accounting method:

- it contributes in particular to the qualification of the intermediary role (disclosed vs. undisclosed)



# Customs issues

## Reminder of issues



### Two main issues:

- **Anticipate and understand the customs treatment of import operations of goods intended for events:**

**Type of goods:** any non-prohibited material or product used in the framework of the organised events, including samples of negligible value, printed matter and objects of an advertising nature, goods used at an exhibition or similar event...

- Several applicable regimes
- Customs and tax formalities and obligations to be fulfilled
- Optimizations/simplifications provided
- **Secure the operation from a customs and tax point of view**
  - Managing the customs risk, which is essentially criminal
  - Avoid the seizure of the goods upon import

# Customs issues

## Reminder of the main schemes



### Common law regime

Release for free circulation and consumption of products/goods

- Submission of a customs import declaration (classic declaration or verbal declaration)
- Depending on the value, payment of any customs duties to the Customs Administration
- Payment of import VAT by reverse charge
- VAT identification with the SIEE of the DINR for operators not established in France and with the SIE for companies established in France.

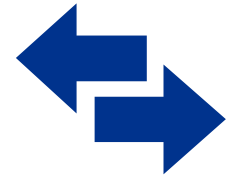
 There are cases where no payment is required and VAT registration is not required

According to the French Tax administration:

- No VAT identification obligation in case of verbal declaration
- In the case of a traditional electronic declaration, an exemption from VAT identification is granted to exhibitors for exempt goods and provided that the exhibitors do not carry out any other transactions subject to VAT

# Customs issues

## Reminder of the main issues



### Setting up the temporary admission regime

#### Interests

- Suspension of the payment of duties and taxes for temporary use
- Re-export without duties and taxes

#### Conditions

- **Goods :**
  - In principle, all goods subject to duties and taxes and/or trade policy measures
  - Goods must be identifiable
  - No modification of the goods
- **People :**
  - Natural or legal persons who use or cause to be used the goods
  - Setting up a guarantee
- **Formalities :**
  - Prior application (SAD form or verbal declaration - bona fide - depending on the goods)
  - Setting up a guarantee

#### Effects

- **Total exemption :**
  - Professional equipment necessary for the exercise of a profession
  - Goods to be presented at a fair, congress or exhibition
  - Educational and scientific material used by non-profit scientific and educational institutions
  - Packaging for re-export
  - Tourism advertising materials
  - Goods imported subject to satisfactory testing
  - Samples in reasonable quantities for the sole purpose of presentation or demonstration
- **Partial exemption :**
  - Duty-paid third-party goods not listed in the above articles or mentioned in them but not fulfilling all the conditions
  - The following are excluded from temporary admission with partial relief

Other issues VAT on imports



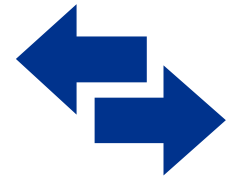
**No VAT formalities are required:**

- no registration required, no filing of VAT returns
- no appointment of a fiscal representative...

**Warning:** in case of non-compliance with the conditions and the scheme, duties are due and penalties are applicable

# Customs issues

## Reminder of the main schemes



### Benefit from customs and tax exemptions and/or VAT-exempt operations

#### ▪ Type of goods:

- ✓ samples of negligible value (depending on the number, mass or volume, notion of "negligible value" left to the discretion of the Customs Administration)
- ✓ printed matter and objects of an advertising nature and
- ✓ goods used at an exhibition or similar event

**It is important to analyze upstream the eligibility of the goods to be imported insofar as the administration defines the eligible goods**

#### ▪ Customs and tax obligations

##### From a customs point of view:

- ✓ submit an electronic or verbal customs declaration
- ✓ and obtain an authorization from customs authorities prior to the importation.

##### From a VAT point of view:

- No VAT identification obligation in case of verbal declaration
- In the case of a traditional electronic declaration, an exemption from VAT identification is granted to exhibitors for exempt goods, provided that the exhibitors do not carry out any other transactions subject to VAT

# Economic / Financial issues



## VAT affects the economy of a contract when it is not fully recoverable

- it impacts the margin of suppliers and intermediaries
- it impacts the customer's price (impact even more significant when the customer is a non-recovering VAT payer)



**the idea is therefore to optimize and legally secure the distribution chain of the different components of the event to be organized**



# Business issues



- ✓ **Avoid commercial conflicts with clients and suppliers due to the extra cost of non-recoverable VAT**
- ✓ **Present its knowledge of the VAT stakes as a commercial asset in a very competitive market: guarantee of the company's reliability and seriousness during calls for tenders, or competitive bidding**

# Contacts



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