

Sale of a new means of transport to another Member State

The transfer of a new means of transport to a person of another Member State together with the delivery of the means of transport from Estonia to another Member State is deemed to be intra-Community supply of goods pursuant to clause 2 of subsection 1 of § 7 of the VAT Act and is taxed at a 0 per cent rate. All persons who have acquired a new means of transport from another Member State, including natural persons, will be liable to tax. In order for the seller to apply the 0 per cent rate, he must be convinced that the new means of transport will be taken out of the country.

Pursuant to clause 4 of subsection 8 of § 37 of the VAT Act, upon transfer of a new means of transport to another Member State, information which proves that the goods item transferred is a new means of transport, as well as a reference to clause 2 of subsection 3 of § 15 of the VAT Act or Article 138(2)(a) of Council Directive 2006/112/EC must be entered on the invoice.

In addition to a VAT return, the intra-Community supply of goods, including the sale of a new means of transport, is also declared in the report on intra-Community supply. If the buyer is a person not registered as a taxable person in another Member State, the seller must declare on the VAT return the intra-Community supply of the goods at a 0 per cent rate, but cannot enter the sales in the report on intra-Community supply due to the lack of the buyer's tax identification number. Therefore, the seller must add copies of the sales invoices of the new means of transport to his report on intra-Community supply (subsection 5 of § 28 of the VAT Act).

The concept of "a person of another Member State" is not specifically defined in the VAT Act, but in principle it refers to legal persons having their residence or permanent establishment in another Member State and natural persons domiciled or habitually resident in another Member State. Thus, in the present case, the nationality or citizenship indicated in the passport is irrelevant in the case of natural persons and an Estonian person is also a person of another Member State if he resides, for example, in Germany.

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