

### Procedures/Conditions Limited Fiscal Representation (LFR)

In order to be able to act as Limited Fiscal Representative for not in The Netherlands established fiscal Customers, Maco needs a Power of Attorney. (For non-EU customers we have a different procedure, which will be laid out in detail when relevant) This Power of Attorney takes care of both coverage of VAT Risks and Custom Clearance Risks. Furthermore the VAT Number is checked. If, after some additional internal screening, everything is OK the work can begin. All LFR Import Clearances are accounted for in Maco's VAT Submission; EC Sales Submission and Intrastat Submission in The Netherlands. Both Import and Sales. The same invoice will be used for import and Intra Community Delivery in the case that goods after import with LFR are transported physically directly to the country where the Power of Attorney giver is located. Per Shipment/Clearance Maco Customs Service needs to have a file which contains: Import Invoice, Bill of Loading, Packing Lists, etc. Maco will put a summary of all LFR shipments to every customer per VAT-number in a quarterly, electronically send, intra community acquisition letter for The Netherlands. In this letter we ask for checking the details and a confirmation that goods were fiscally correctly handled in the country of acquisition.

**In the case of distribution** directly from The Netherlands, possibly in combination with Seabourne Supply Chain in The Netherlands, Maco needs resale Invoices from the fiscal customer to their Customers with text quotes referring to Maco as Fiscal Representant. To be able to do the monthly and quarterly fiscal submissions: VAT, EC Sales, Intrastat, we need on a monthly basis all the resale invoices plus for example an extracomptable spread sheet, taken for example out of the warehouse system. The principle is that everything that comes in under LFR in the end also has to get out under LFR by way of 100 % correlation. Everything has to be transparent to Tax-Authorities on the basis:  $\text{Import LFR} - \text{Sales LFR} = \text{Stock LFR}$ .

**It's essential that when Authorities ask for Proof of Delivery of shipment of the goods that this can be provided to Maco instantly, since correct use of VAT 0 % tariff has to be proved at all instances. Otherwise VAT can be charged to the Fiscal Representative, who will obviously recharge all VAT and eventual fines to Principal. So choosing delivery conditions which guarantee availability of Proof of Delivery is a key issue.**

Following Texts should be mentioned on the Invoices:

The Import invoices in the context of clearance with LFR needs to contain the following text: "Limited Fiscal Representation Maco Customs Service Rotterdam BV, Albert Plesmanweg 107b, 3088 GC Rotterdam, VAT Nr. NL808719804B02"

The Sales invoices in the context of distribution of LFR needs to contain the following text: "Limited Fiscal Representation Maco Customs Service Rotterdam BV, Albert Plesmanweg 107b, 3088 GC Rotterdam. VAT Nr. NL808719804B02; Goods shipped from The Netherlands";

plus a text quote per VAT sales type has to be put on the invoice:

- for sales in the Netherlands: "Reverse Charge, Vat shifted to the customer based on Art. 12.3 Dutch Vat law" + EU Vat Nr. of Client of Principal;
- for sales to customers in other EU countries: "Intra Community Delivery" + EU Vat Nr. of Client of Principal ;
- for sales outside the EU: "Export"

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### Advantages of Limited Fiscal Representation

The principle of Limited Fiscal Representation is that VAT liability of import and following Sales to a company liable to taxation is taken over by the fiscal representative from the Principal. In the whole chain VAT is consequently reversed charged. At no stage VAT has to be paid until the private consumer sphere. Maximum Liquidity/Cash flow advantages. Also no logistic delay and fiscal multi-stops; after clearance with LFR the goods are in the free circulation of goods in the EU.

In case of doubt regarding HS codes a Binding Tariff Information should be applied for.

Maco only works under Dutch Forwarding Conditions.

If you would like to know more about the Limited Fiscal Representation and the **possibilities** for your logistics and supply chain, [please click here](#) or contact:

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**Customs Service**