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1. DAC9: COUNCIL ADOPTS AMENDMENT TO STREAMLINE PILLAR 2 COMPLIANCE

On April 14, 2025, the Council adopted DAC9, amending directive 2011/16/EU to enhance administrative cooperation in taxation. DAC9 introduces a centralized framework for the exchange of information related to the Pillar 2 directive, allowing multinational enterprise groups to submit a single top-up tax information return at the group level, rather than multiple filings by each constituent entity. This simplification aims to reduce compliance burdens and improve efficiency in tax reporting.^[1]

Affected Companies: Multinational enterprise groups within the scope of the Pillar 2 directive.

Recommended Action: Review current tax reporting processes to align with the new centralized filing requirements introduced by DAC9.

A&M Tax Contact: Clemens Petersen

2. COUNCIL AGREES ON DIRECTIVE AMENDING RULES ON EU IMPORT ONE STOP SHOP (IOSS)

On May 13, 2025, the Council reached a general approach on a directive^[2] aimed at simplifying VAT collection for imports. The directive proposes making direct-to-customer suppliers and online marketplaces always liable for VAT on imported goods.^[3] These sellers and marketplaces will therefore no longer be able to shift the liability for import VAT to the end customers or other parties in the supply chain. This change aims to encourage the use of the Import One-Stop Shop (IOSS) system. It is expected to improve VAT compliance and streamline the tax collection process for distance sales of imported goods. The rules are planned to become effective on July 1, 2028.^[4]

From a legal perspective, the Council's agreement marks a decisive step. The European Parliament will be consulted next, but no major amendments are expected. Further amendments to the IOSS scheme are expected to be included in the EU Customs Reform, which is currently in the making.^[5]

Affected Companies: Foreign traders and platforms involved in distance sales of goods imported into the EU.

Recommended Action: Assess the implications of the proposed directive on your import operations and consider registering for the IOSS to facilitate VAT compliance.

3. CARBON BORDER ADJUSTMENT MECHANISM (CBAM): TRANSITIONAL PHASE AND UPCOMING OBLIGATIONS

The EU's CBAM is currently in its transitional phase (2023–2025), with the definitive regime set to commence in 2026. Importers of certain carbon intensive goods will be required to declare embedded emissions and surrender corresponding CBAM certificates annually. The application process for becoming an authorized CBAM declarant opened on March 31, 2025.^[6]

Affected Companies: EU importers of goods covered by CBAM, including steel, cement, aluminum, fertilizers, and electricity.

Recommended Action: Apply for authorized CBAM declarant status and prepare for the reporting and compliance obligations that will take effect in 2026.

A&M Tax Contact: Olaf Beckmann

4. ECJ CASE C-782/23: CUSTOMS VALUATION BASED ON PROVISIONAL PRICES CAN BE PERMISSIBLE

On May 15, 2025, the European Court of Justice (ECJ) decided on the customs valuation of goods imported under provisional pricing agreements. The case involved a Lithuanian importer that declared the provisional price of goods at the time of import, even though the final price was to be determined later, based on commodity exchange indices and other post import factors.

The Lithuanian customs authorities rejected this approach and recalculated the customs value after the final price had been determined. They argued that only the final transaction value could serve as the correct basis for customs valuation under Article 70 of the Union Customs Code (UCC). The customs authorities also charged interest, which became the subject of the proceedings.

The ECJ disagreed with the customs authority's approach.

It ruled that the price on which the transaction value for customs value determination is based must be determined on objective and quantifiable factors agreed upon at the time of import but does not necessarily have to be determined at that instance.

The ECJ has (again) pointed out that the transaction value method is the primary method of customs valuation. If the legal situation permits the determination of the applicable transaction value, the transaction value method must be applied. The options for simplified and supplementary customs declarations as set out in Articles 166 and 167 of the UCC must be used for this purpose. Article 146 (3) (b) of Regulation 2015/2446 (UCC-DA) allows customs authorities to set sufficient time limits for the lodging of supplementary declarations to take account of special circumstances with respect to retrospective price adjustments, to allow the application of the transaction value method.

Implications: This decision provides further legal certainty for businesses operating with provisional pricing mechanisms, especially in sectors like commodities, chemicals, and raw materials.

Recommended Action: Importers should revisit their valuation models and ensure documentation of pricing agreements. If the final price cannot be determined at the time of import, the circumstances of pricing should be analyzed. If the pricing mechanism is clear and a final price can (later) be determined based on a calculation method that is agreed upon, it is still possible to use the transaction value method. However, applying for and using simplified customs declarations with subsequent supplementary customs declarations is necessary, as the final price must be stated in the supplementary customs declaration.

A&M Tax Contact: Olaf Beckmann

^[1] European Commission, News Announcement of April 14, 2025, https://taxation-customs.ec.europa.eu/news/administrative-cooperation-taxation-council-adopts-dac9-2025-04-14_en.

[2] General Secretariat of the Council, Interinstitutional File: 2023/0158 (CNS) dated May 8, 2025,
<https://data.consilium.europa.eu/doc/document/ST-8570-2025-INIT/en/pdf>.

[3] Council of the European Union, press release dated May 13, 2025,
<https://www.consilium.europa.eu/en/press/press-releases/2025/05/13/vat-rules-council-agrees-position-on-directive-simplifying-tax-collection-for-imports/>.

[4]
<https://www.alvarezandmarsal.com/thought-leadership/eu-import-one-stop-shop-ioss-reform-new-obligations-for-online-retailers-and-marketplaces>

[5] European Commission, information website on EU Customs Reform,
https://taxation-customs.ec.europa.eu/customs-4/eu-customs-reform_en.

[6] European Commission, information website on Carbon Border Adjustment Mechanism,
https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en.

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Authors:

Clemens Petersen

Matthias Luther

Olaf Beckmann