



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION

The Director-General

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**NOTE TO
DIRECTORS GENERAL OF THE MEMBER STATES' AND THE UK'S CUSTOMS AND TAX
ADMINISTRATIONS**

Subject: COVID-19 actions at EU level

I would like to follow up to my letter from 20 March and keep you informed of the latest developments at EU level regarding the fight against the COVID-19 pandemic.

First, I would like to recall the main actions the Commission has decided as part of its strategy to respond quickly, forcefully and in a coordinated manner to the coronavirus pandemic:

- On the economic front, the Commission has proposed the [activation of the general escape clause of the Stability and Growth Pact \(SGP\)](#) that was immediately endorsed by the Council.
- The Commission has also adopted a [Temporary Framework for State aid](#) to enable Member States to ensure that sufficient liquidity remains available to businesses of all types and to preserve the continuity of economic activity during and after the coronavirus pandemic.
- The Commission has issued practical advice on how to implement its [Guidelines for border management](#), in order to keep freight moving across the EU during the current pandemic thanks to 'green lanes'.
- [The Commission's economic strategy](#) also includes mobilising the EU budget to allow the EIB Group to provide short-term liquidity to SMEs and directing €37 billion to the fight against coronavirus under the Coronavirus Response Investment Initiative.
- In order to help the medical community to fight the pandemic, the Commission has decided to create a [strategic rescEU stockpile of medical equipment](#) such as ventilators and protective masks. It has also set up [an advisory panel on COVID-](#)

[19](#) to formulate EU guidelines on science-based and coordinated risk management measures.

- The Commission has also announced measures concerning the application of infringement and pre-infringement procedures in view of the COVID-19 pandemic.

The Commission is committed to use all economic policy tools at its disposal to support Member States in protecting their citizens and mitigating the pandemic's severely negative socio-economic consequences. The Commission is also mobilising all means at its disposal to help Member States coordinate their national responses and is providing objective information about the spread of the virus and effective efforts to contain it.

Full and regularly updated information about the different actions that the European Commission is taking to coordinate a common European response to the outbreak of COVID-19 [can be found on the Europa website](#).

Second, I would like to confirm that the Commission stands ready to examine within the briefest delay the requests aimed at making the importation of items for disaster victims free of customs duties and VAT. This concerns protective equipment and other relevant medical devices and equipment imported in the context of the COVID-19 outbreak, in accordance with the provisions of Council Regulation (EC) No 1186/2009 and Council Directive 2009/132/EC. I have already received several replies to my letter from Member States in which they request the suspension of customs duties and VAT, which my services are currently examining. Pending the Commission decisions that must authorise such requests, Member States affected by the COVID-19 pandemic may already authorise the suspension of customs and VAT applicable to such imported goods. In these cases, Member States should ensure the required accountability in respect of those imports.

I would also like to inform you about a number of other ongoing COVID-19 related actions on the customs side:

- *Deferral of customs duties*: My services have already written to Member States informing them of the flexibility that exists in this regard in specific provisions of the Union Customs Code. These provisions should give sufficient cover to any customs administration in the current challenging situation to deal with the most urgent cases, on a case-by-case basis.
- *Use of other flexibilities in the Union Customs Code*: My services are preparing a further note to Member States in relation to the flexibility that exists in the Code for extending the time to grant customs decisions (such as for AEO authorisations or applications for special procedures) and for providing certain facilitations in customs procedures and customs formalities, including transit. The note will also include some suggestions to facilitate the import of medical equipment.
- *Facilitations for the import of human organs and bone marrow*: My services are working on a fast legal solution to facilitate the import of bone marrow across EU

borders and thereby mitigate the disruption that the virus is creating in the supply of this good.

- *Flexibility on controls:* Guidance is being prepared.
- *Risk management:* My services opened a customs crisis alert in the Customs Risk Management System (CRMS) in February 2020. This crisis alert connects customs national risk centres in all the Member States and enables COM to share with them quickly any information relevant for risks and controls. It also allows the sharing of recent guidance on controls, procedures, latest new recommendations or decisions from the Commission as well as any information that is made available by other services or authorities. In addition, my services have asked Member States to share quickly any risk information on dangerous, counterfeit or substandard medical device and medical supply through the CRMS (Risk Information Form- RIF), in accordance with Article 46(5) UCC. This will allow each Member State to take adequate measures to stop similar dangerous goods coming to their country.
- *Facilitating imports of personal protection equipment and medical devices:* The Commission recently adopted Recommendation (EU) 2020/403 on conformity assessment and market surveillance procedures within the context of the COVID-19 threats, aiming to allow non CE-marked personal protective equipment (PPE) products that comply with the necessary health and safety standards to enter the EU market. The objective is to ensure that all authorities including customs treat as a matter of priority shipments from third countries containing PPE such as face masks, gloves, protective coveralls or eyewear protection, as well as medical devices such as surgical masks, exploration gloves and some gowns, to avoid increasing shortages in Member States in need.
- *Difficulties with preferential origin certificates:* Certain EU partner countries and Member States have signalled difficulties in the provision to their exporters of original certificates for preferential origin. Guidance is being prepared by DG TAXUD in this respect, which will nevertheless deserve to be first tested with our partner countries.

In the tax area, my services consider that EU VAT law allows Member States to take immediate action to help mitigating the economic impact of the pandemic. Further action may be taken notably in the following areas:

- It should be clarified that hospital and medical care provided in connection with COVID-19 would be covered by the existing VAT exemption for hospital and medical care and closely related activities undertaken by hospitals, centres for medical treatment or diagnosis and other duly recognised establishments of a similar nature.
- Member States may apply a reduced VAT rate to pharmaceutical products. Moreover, as explained in the 2016 Commission Communication on enforcement of EU Law, the Commission has the discretionary power to take into account these exceptional circumstances in the context of the application of rules on VAT rates by Member States, and against the background of the existing Commission legislative proposal on VAT rates.

- As explained in the Commission Communication of 13 March 2020 on a coordinated economic response to the COVID-19 outbreak, to support taxable persons deeply affected by the current crisis, Member States could consider to exceptionally agreeing to a deferral of the deadline to submit VAT returns and make the corresponding payments. The same could apply under the Mini One Stop Shop (MOSS) where sanctions for late returns and payments should be avoided.
- Member States could envisage that temporarily supplies of medical devices or personal protective equipment from suppliers to hospitals or other medical centres in connection to the COVID-19 crisis would benefit from a deferral of VAT chargeability until when the hospitals/medical centers can make the payment. At the same time, suppliers should be allowed to deduct VAT immediately in order to avoid cash flow problems.
- Member States could, due to *force majeure*, show flexibility and allow more time for the non-EU businesses concerned to introduce their requests for VAT refund.
- Despite the difficult working conditions, all Member States are encouraged to continue to provide administrative VAT cooperation and tax recovery assistance to each other. However, if the exceptional circumstances are causing some delays in the execution of cooperation and assistance requests, the competent authorities of the Member States concerned are advised to inform their colleagues in all other Member States via the usual communication channel of such temporary problems.

Finally, I would like to invite you to indicate any additional actions you consider the Commission should initiate to face this unprecedented threat and to avoid that queues with legitimate trade form at our external borders. This concerns also our Customs Union. I am determined to work more closely than ever with Member States' administrations to address the extreme challenges the pandemic is causing.

(e-signed)
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