

The new Special Scheme for Small Enterprises (SME scheme) - FAQ

1. General characteristics of the SME scheme

From 1 January 2025, the national threshold in Luxembourg will be raised from 35 000 euros to 50 000 euros, with a tolerance of 10%. If a company exceeds this threshold during a calendar year, it will no longer be eligible for the SME scheme in Luxembourg for the following calendar year. However, during the year in which the threshold is exceeded, the exemption will continue to apply as long as the taxable person's turnover does not exceed the national threshold of 50 000 euros by more than 10% (i.e a maximum of 55 000 euros). This transitional period offers businesses a degree of flexibility and allows them to gradually comply with the tax obligations of the regular VAT regime.

Small Luxembourg companies may also benefit from the exemption in Member States where they are not considered to be established for the purposes of the SME scheme, provided that they do not exceed the respective national threshold in those Member States. In addition, the turnover of these companies in all Member States must not exceed the threshold of 100 000 euros set at EU level. If this threshold is exceeded, the company can no longer benefit from the exemption in Member States where it is not considered to be established. However, it can continue to benefit from the exemption in its Member State of establishment as long as it meets the eligibility conditions. A company that has exceeded the EU threshold will no longer be able to benefit from the exemption in Member States other than its Member State of establishment in the following calendar year, even if the national thresholds are met there.

Luxembourg companies wishing to benefit from the exemption in another Member State must notify the AED in advance via the MyGuichet.lu platform. This prior notification makes it possible to check that the conditions for benefiting from the exemption in another Member State are met, in particular compliance with the national threshold in the Member State concerned and the EU threshold. Companies using the SME scheme in another Member State must declare their total turnover in all EU Member States, including the Member State of establishment, on a quarterly basis.

What is meant by "SME scheme" ?

This special scheme allows small enterprises, whose turnover does not exceed a certain threshold, to exempt their supplies of goods and services from VAT. The aim of this special scheme is to reduce the administrative burden on small enterprises by relieving them of the obligation to invoice and remit VAT to the Member State, as well as submitting ordinary VAT returns.

In return for this exemption, a taxable person subject to the special scheme cannot deduct input VAT borne on his purchases of goods and services used to make these VAT exempt supplies.

Who can benefit from the SME scheme?

Until 31 December 2024, only small enterprises established in the Member State granting the exemption can benefit from the domestic exemption there. From 1 January 2025, a small enterprise is allowed to opt for SME scheme in Member States in which it is not established and can exempt its supplies of goods and services in that Member State. To do so, it must register for the cross-border SME scheme in its [Member State of establishment](#).

A distinction must therefore be made between the following two special schemes:

- [the domestic SME scheme](#) ;
- and the [cross-border SME scheme](#).

Is the application of the SME scheme optional?

The application of the SME scheme is optional. Taxable persons may opt to apply for the regular VAT regime.

See also:

[How to register for the SME scheme in Luxembourg ?](#)

[How to stop the application of the SME scheme in Luxembourg ?](#)

What is meant by "domestic SME scheme"?

The "domestic SME scheme" means the exemption scheme available to a taxable person in his [Member State of establishment](#).

What is meant by "cross-border SME scheme"?

The "cross-border SME scheme" means the exemption scheme available to a taxable person in one or more Member States other than his [Member State of establishment](#).

What is meant by "national threshold" ?

The "national threshold" is an annual turnover threshold set by a Member State below which a taxable person can benefit from the exemption. This threshold is set at the level that best reflects the economic reality of the Member State and may not exceed 85 000 euros. The Member State may also set different thresholds for different sectors of activity (called sectoral thresholds).

From 1 January 2025, the national threshold in Luxembourg will be set at 50 000 euros. Luxembourg has no sectoral thresholds.

Information on the thresholds set in the various Member States is available at the following link: <https://sme-vat-rules.ec.europa.eu/>

What is meant by "Union threshold" ?

The "Union threshold" is an annual turnover threshold of 100 000 euros set at the EU level. Its purpose is to ensure that taxable persons benefiting from the cross-border SME scheme are small businesses.

What is meant by the concepts of "established in a Member State" and "Member State of establishment" ?

For the purposes of the SME scheme, a taxable person is considered "established in a Member State" when he has established the seat of his economic activity there. This Member State constitutes the taxable person's "Member State of establishment".

It is in the Member State of establishment that the taxable person is identified for the [cross-border SME scheme](#).

A taxable person is not considered to be "established in a Member State" when he only has a fixed establishment there. He can benefit from the exemption in such a Member State by registering for the cross-border SME scheme in his Member State of establishment.

A taxable person whose seat of economic activity is in a non-EU country cannot benefit from the SME scheme in the EU, even if he has one or more fixed establishments there.

What is the Member State of establishment when the taxable person is a natural person ?

If the taxable person is a natural person, the Member State of establishment is the Member State in which he has established his domicile or his permanent address.

What operations are excluded from the SME scheme?

Are excluded from the SME scheme:

- transactions carried out on an occasional basis as referred to in Article 12 of Directive 2006/112/EC, in particular the occasional assignment of a dwelling for the purposes of a main residence;
- deliveries of new means of transport to another Member State.

Member States may exclude other transactions from the SME scheme. Information on these exclusions can be found at <https://sme-vat-rules.ec.europa.eu/>.

Certain taxable persons who are already subject to a special scheme ("VAT group" scheme, Common flat-rate scheme for farmers) or avail themselves of options that are incompatible with the SME scheme (option for taxation on letting and leasing of immovable property) are also excluded from the SME scheme.

Can a start-up apply the SME scheme?

A start-up can apply for the exemption, even if it did not generate any turnover during the previous year. When asked to declare its turnover for the previous year, it simply indicates the value "0".

2. The SME scheme in Luxembourg

What conditions must taxable persons meet to benefit from the exemption in Luxembourg starting 1 January 2025?

For a taxable person established in Luxembourg wishing to benefit from the [domestic SME scheme](#), the following condition must be met:

- his [annual turnover in Luxembourg](#) must not have exceeded the national threshold of 50 000 euros in the previous and current calendar year.

For a taxable person established in another Member State, the following conditions must be met cumulatively :

- his [annual Union turnover](#) must not have exceeded [the Union threshold](#) of 100 000 euros in the previous and current calendar year ;
- his [annual turnover in Luxembourg](#) must not have exceeded the national threshold of 50 000 euros in the previous and current calendar year ;
- he must be identified for the [cross-border SME scheme](#) in his [Member State of establishment](#) by an "EX" number.

Which scheme should taxable persons be subject to in their Member State of establishment ?

A taxable person benefiting from the cross-border SME scheme can either benefit from the domestic SME scheme in his Member State of establishment or be subject to the regular VAT scheme in that Member State.

How is annual turnover in Luxembourg calculated ?

Annual turnover in Luxembourg means the total amount, excluding VAT, of the supplies of goods and services listed in Article 57, point 2) of the VAT law, carried out by a taxable person in Luxembourg during a calendar year. The taxable person's purchases are not covered by the exemption and are therefore not taken into account for the determination of his turnover. Only the amounts of his output transactions taking place within the country are considered for the calculation of turnover.

How is the annual Union turnover calculated ?

Annual Union turnover means the total annual amount, excluding VAT, of supplies of goods and services carried out by a taxable person in the EU during a calendar year. It is the sum of all the turnovers achieved by the taxable person in all the Member States, including the Member State of establishment and those where he does not benefit from the exemption. The turnover achieved in a Member State is determined by the amounts mentioned in Article 288 of Directive 2006/112/EC, as transposed into the national legislation of that Member State. In Luxembourg, this article is transposed in Article 57, point 2) of the VAT Law.

How to register for the SME scheme in Luxembourg ?

Taxable persons established in Luxembourg who wish to benefit from the [domestic SME scheme](#) must apply to their tax office. When the taxable person starts his activity, this request is made by means of the VAT registration application.

Taxable persons subject to the regular VAT regime who are eligible for the SME scheme may apply to their tax office. The switch from the regular VAT regime to the SME scheme takes effect on 1 January, of the following calendar year.

Taxable persons established in other Member States who wish to benefit from the exemption in Luxembourg must submit prior notification, or an update to the prior notification, in their [Member State of establishment](#).

What declarations must taxable persons established in Luxembourg submit who only use the "domestic SME scheme"?

Taxable persons established in Luxembourg who benefit solely from the domestic SME scheme in Luxembourg must inform the AED, before 1 March of each calendar year of the turnover they achieved during the previous calendar year.

They can send this information to their tax office by post, e-mail or using the simplified annual VAT return provided by the AED.

When taxable persons provide intra-Community services or become liable for VAT within the country under the provisions of Article 61 of the VAT law, they must submit a simplified annual VAT return before 1 March of the following calendar year via the eCDF portal. They are also required to provide recapitulative statements relating to their intra-Community supplies of services.

When a taxable person is subject to both the SME scheme and the regular VAT regime during one calendar year, he must enter the amount of turnover generated under the SME scheme in box 481 of the VAT return that he is required to submit under the regular VAT regime via the eCDF portal.

What must the taxable person's invoice include ?

From 1 January 2025, taxable persons benefiting from the SME scheme are authorized to issue simplified invoices.

They cannot show VAT on their invoices.

Invoices issued for supplies of goods and services taxable in Luxembourg must include the following statement: "VAT not applicable - Article 57bis of the amended law of 12 February 1979".

What happens if the national threshold is exceeded ?

When, during a calendar year, a taxable person (whether established or not) benefiting from the SME scheme in Luxembourg exceeds the national threshold of 50 000 euros, he can continue to benefit from the exemption until 31 December of that year, provided that the threshold has not been exceeded by more than 10% (i.e. 55 000 euros). If the threshold is exceeded by more than 10%, the exemption ceases to apply as from the following day.

This transitional period allows taxable persons to gradually comply with the tax obligations of the regular VAT regime.

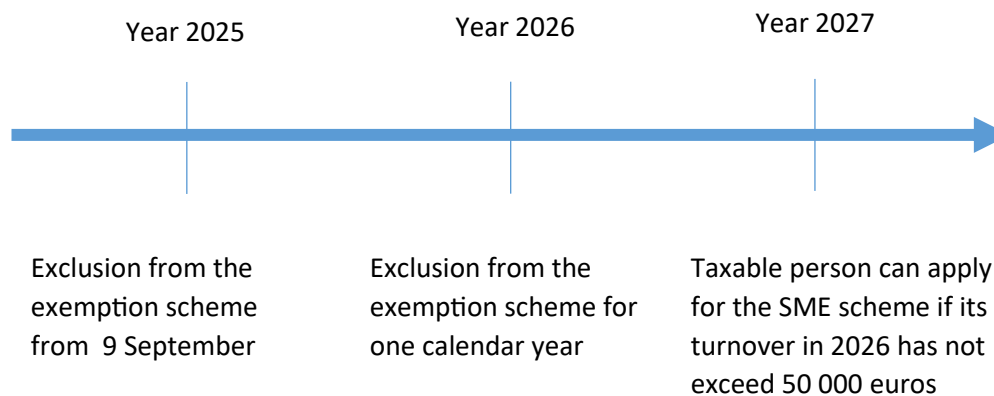
Regardless of the percentage by which the threshold has been exceeded, a taxable person who has exceeded the threshold during a calendar year is excluded from the benefit of the exemption in Luxembourg for the following calendar year.

When a taxable person is subject to both the SME scheme and the regular VAT regime during one calendar year, it must enter the amount of turnover generated under the SME scheme in box 481 of the VAT return that it is required to submit under the regular VAT regime via the eCDF portal.

Information on transitional periods and exclusion periods in other Member States is available at the following link : <https://sme-vat-rules.ec.europa.eu/>.

Example :

- 1) On 17 August 2025, the turnover of a taxable person subject to the SME scheme in Luxembourg was 51 000 euros. Since the national threshold is exceeded by less than 10%, he can continue to benefit from the exemption during the current year.
- 2) On 8 September 2025, the taxable person makes a sale of 5 000 euros, increasing his turnover to 56 000 euros. Since he has exceeded the national threshold by more than 10%, the exemption ceases to apply. The taxable person is excluded from the SME scheme from 9 September 2025 and will remain excluded from that scheme during the calendar year 2026.



How to stop the application of the SME scheme in Luxembourg ?

A taxable person [established](#) in Luxembourg deciding to give up the domestic SME scheme and opt for the regular VAT regime, must submit a request to its tax office. The option takes effect on first day of the following month. Taxable persons who exercise this option are subject to the regular VAT regime for at least one calendar year.

Taxable persons established in Luxembourg who cease their economic activity must send a declaration of cessation to their tax office within fifteen days of the cessation. The exemption ceases to apply from the date of cessation.

A taxable person established in another Member State who wishes to voluntarily cease the application of the SME scheme in Luxembourg must submit an update to the prior notification to its [Member State of establishment](#).

For this taxable person, termination of the exemption in Luxembourg takes effect :

- if the Member State of establishment receives the update during the first 2 months of a calendar quarter, on the first day of the following calendar quarter ;
- if the Member State of establishment receives the update during the last month of a calendar quarter, on the first day of the second month of the following calendar quarter.

Example :

- Update date: 15.01.2026 → effect of termination : 01.04.2026
- Update date: 15.03.2026 → effect of termination : 01.05.2026

If the taxable person established in another Member State continues to carry out an economic activity in Luxembourg, he must register for VAT within the country, or, where applicable, register with the "OSS" one-stop-shop in his Member State of identification. He will then be subject to the regular VAT regime for at least one calendar year.

3. The cross-border SME scheme

How does the cross-border SME scheme work ?

A taxable person wishing to benefit from the SME scheme in a Member State in which he is not established may register for the cross-border SME scheme in his Member State of establishment.

The taxable person does not have to identify himself or submit VAT returns in the Member State in which he is not established for the transactions carried out there under the exemption, provided that he complies with the reporting obligations under the cross-border SME scheme.

For transactions carried out in that Member State that are not covered by the exemption, such as intra-Community acquisitions, the taxable person must comply with the tax obligations of that Member State.

Before registering for the cross-border SME scheme, taxable persons are advised to find out about the legal provisions in force in other Member States. Information can be found at: <https://sme-vat-rules.ec.europa.eu/>.

Who can benefit from the cross-border SME scheme in Luxembourg ?

A Taxable person wishing to register for the [cross-border SME scheme](#) in Luxembourg must meet all the following conditions :

- Luxembourg must be his [Member State of establishment](#) ;
- his [annual Union turnover](#) must not have exceeded [the Union threshold](#) of 100 000 euros in the previous and the current calendar year ;
- his annual turnover in the Member State where he is not established and where he wishes to benefit from the exemption must not have exceeded the [national threshold](#) set for the exemption in that Member State in the current and the previous calendar year, or, depending on the option chosen by the Member State, during the current and the two previous calendar years.

Example 1 :

On 1 February 2025, a taxable person established in Luxembourg decides to register for the cross-border SME scheme in order to benefit from exemption in Germany, Belgium and France.

To be eligible for the SME scheme in these Member States, the taxable person's annual Union turnover must not have exceeded the Union threshold of 100 000 euros in the previous and current calendar year.

Member State	Sales in 2024 (euros)	Sales for the period 01.01.2025 - 01.02.2025 (euros)
Luxembourg	30 000	0
Germany	40 000	0
Belgium	10 000	5 000
France	40 000	10 000
Total EU sales	120 000	15 000

In 2024, the taxable person's annual Union turnover exceeds 100,000 euros. In 2025, the taxable person cannot be registered for the cross-border SME scheme.

However, it can benefit from the domestic SME scheme in Luxembourg.

Example 2 :

On 1 February 2025, a taxable person established in Luxembourg decides to register for the cross-border SME scheme in order to benefit from exemption in Germany, Belgium and France.

To be eligible for the SME scheme in these Member States, the taxable person's annual Union turnover must not have exceeded the Union threshold of 100 000 euros in the previous and current calendar year.

Member State	Sales in 2024 (euros)	Sales for the period 01.01.2025 - 01.02.2025 (euros)
Luxembourg	30,000	0
Germany	40,000	0
Belgium	10,000	5,000
France	0	10,000
Total EU sales	80,000	15,000

The taxable person's annual Union turnover did not exceed 100 000 euros in the previous and current calendar year.

In 2025, the taxable person can therefore benefit from the exemption in Germany, Belgium and France, provided that he has not exceeded the national threshold in the previous calendar year¹ and the current calendar year.

¹ Some Member States have introduced an exclusion period of two calendar years. For these Member States, the taxable person must not have exceeded the national threshold during the current year and during the previous 2 years.

Member State	National threshold (euros)	Sales in 2024 (euros)	Sales for the period 01.01.2025 - 01.02.2025 (euros)	Eligible for the cross-border exemption scheme
Luxembourg	50,000	30,000	0	²
Germany	25,000	0	10,000	yes
Belgium	25,000	40,000	0	no
France	37,500	10,000	500	yes

In 2025, the taxable person can begin to benefit from the exemption in Germany and France. However, he cannot benefit from the exemption in Belgium, because his turnover there exceeded the national threshold during the 2024 calendar year.

² **Note:** As Luxembourg is his Member State of establishment, he can benefit from the domestic SME scheme. Application of the domestic SME scheme is not linked to the condition that the Union threshold is not exceeded.

How to register for the cross-border SME scheme in Luxembourg ?

Taxable persons wishing to register for the cross-border SME scheme in Luxembourg must submit a "prior notification" via their professional space on the MyGuichet.lu platform. A unique identifier (token) is then sent by post to the taxable person (or his authorised representative) to certify his professional space. This certification will enable them to access the various procedures associated with the cross-border SME scheme, such as submitting quarterly returns or updating their information.

In the "prior notification" the taxable person indicate, among other things :

- the Member States (other than Luxembourg) in which he wants to benefit from the exemption ;
- the turnover achieved in each Member State (including Luxembourg and the Member States in which the taxable person does not benefit from the exemption) during the previous calendar year and the current calendar year. For Member States that have opted for an exclusion period of 2 calendar years, the taxable person must indicate the turnover he achieved there during the 2 previous calendar years and the current year.

If the taxable person's annual Union turnover does not exceed the Union threshold, the AED forwards the request for approval to the Member States in which the taxable person wishes to benefit from the exemption.

In the event of acceptance by at least one of these Member States, the taxable person is identified under the cross-border SME scheme by the allocation of an "EX" number (LU12345678-EX).

This number, together with a list of the Member States that have accepted the request, is sent to the taxable person by e-mail via his professional space on the MyGuichet.lu platform, generally within 35 working days of receipt of the prior notification by the AED.

When Member States accept the taxable person's application, the AED updates the list of Member States and confirms the "EX" number to the taxable person each time.

The exemption begins to apply in other Member States from the date of communication or confirmation of the "EX" number.

Is it possible to be identified retroactively for the cross-border SME scheme ?

Retroactive identification for the cross-border exemption scheme is not possible.

How can the information on the prior notification be changed?

Taxable persons can change the information provided in the prior notification by submitting an update to the prior notification via their professional space on the MyGuichet.lu platform.

See also:

[How can the list of Member States in which the taxable person benefits from the exemption be modified?](#)

How can the list of Member States in which the taxable person benefits from the exemption be modified ?

If the taxable person wishes to benefit from the exemption in Member States other than those indicated on the prior notification or to cease application of the exemption in a Member State, he must submit an update to the prior notification via his professional space on MyGuichet.lu.

If a Member State is added, the AED forwards the request to the Member State concerned for approval provided that the Union threshold is not exceeded. If accepted by that Member State, the AED confirms the "EX" number to the taxable person and updates the list of Member States, usually within 35 working days of receipt of the update. The exemption begins to apply in that Member State from the date of confirmation of the "EX" number.

Cessation of the exemption in the other Member States takes effect :

- if the AED receives the update during the first 2 months of a calendar quarter, on first day of the following calendar quarter ;
- if the AED receives the update during the last month of a calendar quarter, on the first day of the second month of the following calendar quarter.

Example :

- Update date : 15.01.2026 → effect of termination : 01.04.2026
- Update date : 15.03.2026 → effect of termination : 01.05.2026

What declarations must taxable persons registered under the "cross-border SME scheme" submit in Luxembourg ?

Under the cross-border SME scheme, taxable persons must submit a quarterly return showing their turnover in each Member State (including Luxembourg) during the previous calendar quarter. They must submit this declaration to the AED within one month of the end of the calendar quarter, via their certified professional space on MyGuichet.lu.

Declaration period	Application deadline
1 st quarter (January, February, March)	until 30 April
2 nd term (April, May, June)	until 31 July
3 rd quarter (July, August, September)	until 31 October
4 th quarter (October, November, December)	until 31 January of the following year

If the taxable person is also subject to the domestic SME scheme, he does not have to inform the AED of his turnover achieved in the previous calendar year before 1 March.

However, if the taxable person supplies intra-Community services or becomes liable for VAT within the country under the provisions of Article 61 of the VAT law, he must submit a simplified annual VAT return before 1 March of the following calendar year. He is also required to provide recapitulative statements relating to his intra-Community supplies of services.

If the taxable person is subject to the regular national VAT regime, he must comply with the reporting obligations set out in that regime.

How to correct the declarations submitted under the cross-border SME scheme ?

The taxable person may correct the information contained in the quarterly returns filed under the cross-border SME scheme by filing a new quarterly return for the period concerned. The new return will then replace the one previously filed.

What happens when a taxable person established in Luxembourg exceeds the national threshold in another Member State ?

When a taxable person registered for the cross-border SME scheme in Luxembourg exceeds the national threshold in another Member State, the exemption ceases to apply in that Member State, where applicable, after a transitional period. If the taxable person continues to carry out an economic activity in that Member State, he must identify himself for VAT purposes there or, where applicable, register with the "OSS" one-stop shop in Luxembourg.

Exceeding the national threshold results in a period of exclusion from the SME scheme during which the taxable person cannot benefit from the exemption in the Member State in which he has exceeded the national threshold. Generally, this exclusion period is one calendar year. Some Member States, however, provide for two calendar years.

More information on transitional periods and exclusion periods in other Member States is available at : <https://sme-vat-rules.ec.europa.eu/>.

Where the taxable person remains eligible for exemption in other Member States, he remains registered for the cross-border SME scheme.

Example :

A taxable person registered for the cross-border SME scheme in Luxembourg benefits from the exemption in Germany, Cyprus and France. On 8 September 2025, he exceeds the national threshold in Cyprus by more than 10%. Cyprus provides for an exclusion period of two calendar years.

- The taxable person ceases to benefit from the exemption in Cyprus from 9 September 2025 and cannot benefit from it during the years 2026 and 2027.
- The taxable person continues to benefit from the exemption in Germany and France.

What happens when a taxable person established in Luxembourg exceeds the Union threshold ?

When the annual Union turnover of a taxable person registered for the cross-border SME scheme in Luxembourg exceeds [the Union threshold](#) of 100 000 euros, the taxable person is excluded from the cross-border SME scheme and the exemption ceases to apply directly in all Member States other than Luxembourg. This exclusion leads to the deactivation of the "EX" number.

The taxable person must inform the AED that the Union threshold has been exceeded and declare the turnover achieved between the beginning of the current quarter and the date on which the Union threshold was exceeded within 15 working days via his certified professional space on MyGuichet.lu.

Once the Union threshold has been exceeded, the taxable person can no longer benefit from the cross-border SME scheme for one calendar year.

If the taxable person benefits from the domestic SME scheme in Luxembourg, he may continue to do so for as long as he is eligible.

Example:

A taxable person benefits from the domestic SME scheme in Luxembourg and is registered for the cross-border SME scheme in Luxembourg in order to benefit from the exemption in Germany, Belgium and France.

On 15 June 2025, the Union threshold is exceeded:

- the exemption ceases to apply in Germany, Belgium and France from 16 June 2025. In 2026, the taxable person cannot benefit from the exemption in another Member State.
- the exemption continues to apply in Luxembourg (Member State of establishment) for as long as it is eligible.

The taxable person informs the AED of the exceedance and submits a final declaration within 15 working days of the exceedance.

How to stop using the cross-border SME scheme in Luxembourg ?

When a taxable person established in Luxembourg ceases his economic activity or no longer wishes to benefit from the exemption in another Member State, he must request his exclusion from the cross-border SME scheme by submitting to the AED an update to the prior notification via his certified professional space on the MyGuichet.lu platform. If he ceases his economic activity, he must also submit a declaration of cessation to his tax office within a period of fifteen days from the date of cessation.

Cessation of the exemption in the other Member States takes effect :

- if the AED receives the update during the first two months of a calendar quarter, on the first day of the following calendar quarter ;
- if the AED receives the update during the last month of a calendar quarter, on the first day of the second month of the following calendar quarter.

Example :

- Date of update : 15.01.2026 → effect of termination : 01.04.2026
- Update date : 15.03.2026 → effect of termination : 01.05.2026

In Member States where the taxable person voluntarily ceases to be exempt, an exclusion period may apply. Information on these exclusion periods can be found at : <https://sme-vat-rules.ec.europa.eu/>.

Taxable persons who wish to cease the exemption in one Member State but continue to apply it in other Member States are referred to the section :

[How can the list of Member States in which the taxable person benefits from the exemption be modified?](#)

What happens when a taxable person moves the seat of his economic activity from Luxembourg to another Member State ?

When the taxable person transfers the place of his seat of economic activity to another Member State, Luxembourg ceases to be his Member State of establishment and the taxable person can no longer be registered under the cross-border SME scheme. The taxable person must then request exclusion from the cross-border SME scheme by submitting an update to the prior notification via his certified professional space on the MyGuichet.lu platform.

However, they can benefit from the exemption in Luxembourg by registering for the cross-border SME scheme in their new Member State of establishment.

How to check a taxable person's "EX" number ?

When a taxable person benefits from the SME scheme in another Member State, all the supplies of goods and services he makes there (with the exception of transactions excluded from the SME scheme) are subject to this exemption, including those made to other taxable persons.

In this context, a taxable person may supply services to another taxable person in a Member State in which he is not established but where he benefits from the SME scheme. As a general rule, these supplies would be subject to the reverse charge mechanism if they were supplied by a taxable person not benefiting from the exemption. It is therefore important for the customer to know whether his supplier is exempt in the customer's Member State and whether or not the customer has to apply the reverse charge mechanism. The SME-on-the-Web application enables the customer to check the supplier's status by entering his "EX" number. This application can be accessed via the following link : <https://sme-vat-rules.ec.europa.eu/>

Example :

A supplier established in Member State 1 supplies services to a taxable customer established in Member State 2 (B2B).

The general rule is that the place of supply is the place where the customer liable for the service has established his business, i.e. Member State 2.

If the supplier does not benefit from the exemption in Member State 2, the reverse charge mechanism applies, and the customer becomes liable for the VAT.

If the supplier benefits from the exemption in Member State 2, the supply of services is subject to the exemption in Member State 2 and the customer does not become liable for VAT.

The customer can check the provider's status via the SME-on-the-Web application.