



new  
future-proof  
VAT rules  
*e-commerce made easy*

# VAT E-COMMERCE PACKAGE

Preparing the EU for the future of e-commerce

27 May 2021



## › Why new VAT e-commerce legislation

- › High cost of doing business cross-border – EUR 8000 annually per Member State for cross-border VAT obligations
- › Lack of neutrality for EU business
  - › **current system favours non-EU sellers with the current EUR 22 small consignments exemption**
  - › **high rates of non-compliance e.g. iPhones imported with declarations value of EUR 10.**
- › Loss of revenues for Member States – Member States losing around **EUR 5 billion annually**. EUR 1 billion VAT foregone through exemption and EUR 4 billion through non-compliance. Significant growth on e-commerce year-on-year (minimum 15%)
- › Need for simplification measures for SMEs – the lack of a threshold in 2015, 10 year record keeping, etc...



## › Main rules

### Improvements of the current MOSS: **as of 2019/2021**

- 10 000 EUR threshold for micro-businesses
- Home-country rules for invoicing
- Improved VAT return correction & Extended deadlines for VAT return and payment

### Special provisions for electronic interfaces: **as of July 2021**

- Deemed supplier obligations (Article 14a VAT Directive)
- Record keeping obligations (Article 242a VAT Directive)

### Extension of the scope of MOSS: **as of July 2021**

- Extend the non-Union scheme to all cross-border B2C services (not just TBE services)
- Extend the Union scheme to i) cross border B2C services other than TBE services, ii) intra-EU distance sales of goods, iii) to certain domestic sales facilitated by EIS

### Removal of the 22€ threshold of VAT exemption upon importation: **as of July 2021**

- import scheme (IOSS – import One Stop Shop) and special arrangements to simplify the distance sales of imported goods



## › VAT e-commerce rules impacting customs

Customs duty de minimis of EUR 150 **not changed**

- › On 1.07.2021 **abolish** VAT de minimis of EUR 10/22
- › From July 2021 VAT applicable on all imports of goods

VAT collection **simplifications**:

- › Import One Stop Shop (IOSS)
- › Simplified arrangements for post/courier



## Important new concepts

- “Intra Community distance sales of goods”

**Supplies of goods dispatched or transported by or on behalf of the supplier**, including where the supplier intervenes indirectly in the transport or dispatch of the goods, **from a Member State other than that in which dispatch or transport of the goods to the customer ends**

- “Distance sales of goods imported from third territories or third countries”.

**Supplies of goods dispatched or transported by or on behalf of the supplier**, including where the supplier intervenes indirectly in the transport or dispatch of the goods, **from a third territory or third country, to a customer in a Member State**

- Deemed supplier provision





# SPECIAL PROVISIONS FOR PLATFORMS/MARKETPLACES = THE DEEMED SUPPLIER PROVISION



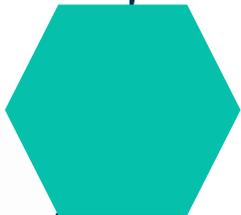
# › Special provisions for platforms/marketplaces

Council Directive (EU) 2017/2455 amending Directive 2006/112/EC (the VAT Directive) and 2009/132/EC (VAT import exemptions)



## **Deemed supplier obligations**

Article 14a VAT Directive



## **Record keeping obligations**

Article 242a VAT Directive



## › Marketplaces – Deemed supplier – importation of low value goods

### New Article 14a (1) VAT Directive applicable as of 1/7/2021

- › Where a taxable person **facilitates** distance sales of goods
- › imported from third territories or third countries
- › in consignments of an intrinsic value not exceeding EUR 150
- › through the **use of an electronic interface** such as a marketplace, platform, portal or similar means
- › that taxable person shall be **deemed** to have received and supplied those goods himself

### Observations

- › Eligible for Import One Stop Shop



## › Marketplaces – Deemed supplier – Intra-EU distance sales and domestic sales

### New Article 14a (2) VAT Directive applicable as of 1/7/2021

- › Where a taxable person **facilitates** supply of goods to customer
- › Within the Community
- › By taxable persons not established within the community
- › Through the **use of an electronic interface** such as a marketplace, platform, portal or similar means
- › that taxable person shall be **deemed** to have received and supplied those goods himself

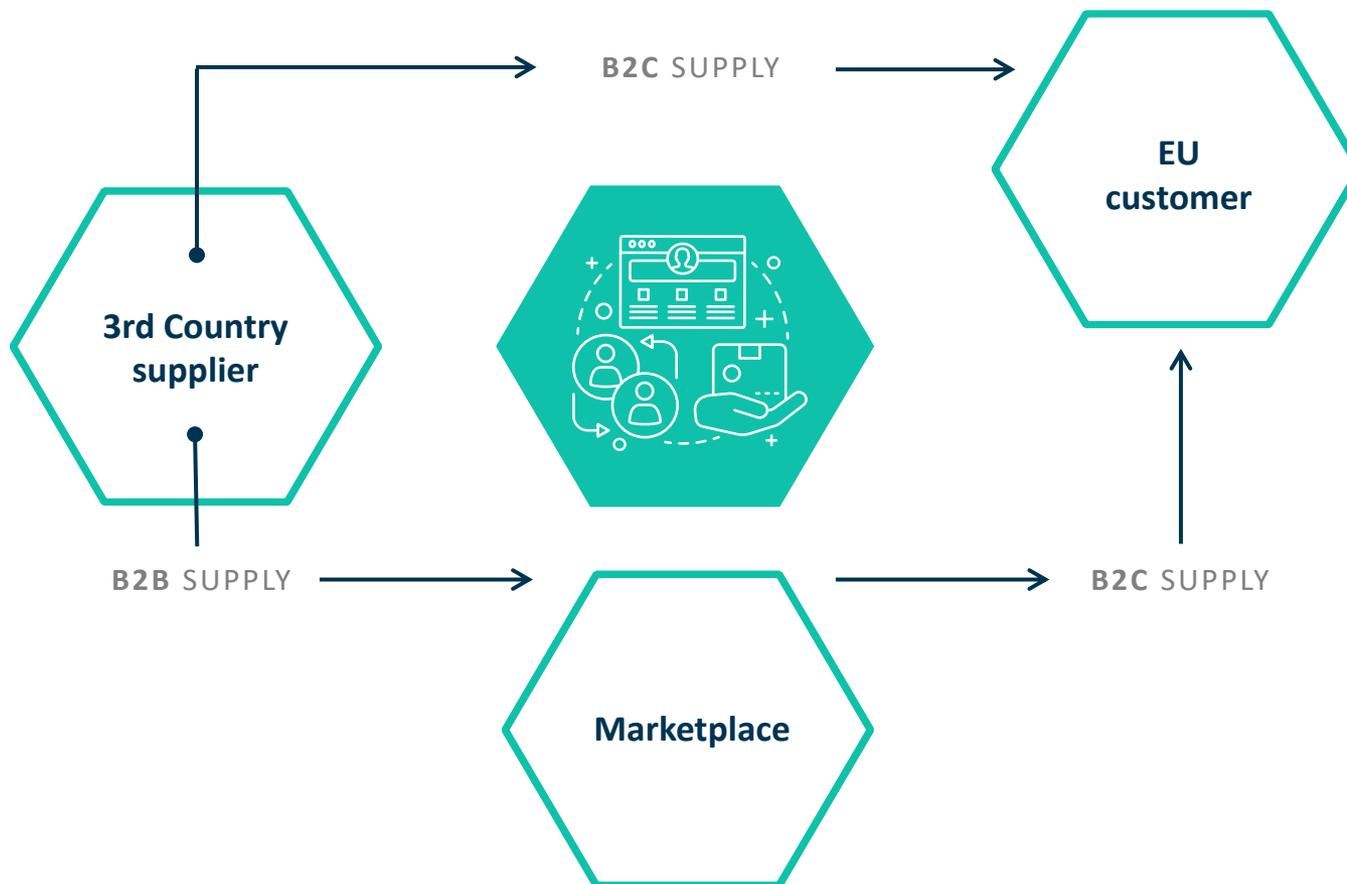
### Observations

- › Eligible for One Stop Shop



# › VAT e-commerce package December 2017

## ››› Consequences of the deemed supplier model in the EU



# ALL YOU NEED TO KNOW ABOUT THE **ONE-STOP SHOP (OSS)**



## › ONE STOP SHOP = 3 schemes

Non-Union scheme	Union scheme	Import scheme (IOSS)
Supplies of <b>services</b>	<p>Supplies of <b>goods</b> (including goods subject to excise duty)</p> <ul style="list-style-type: none"> <li>• Intra-EU supplies of goods</li> <li>• Domestic supplies of goods by deemed suppliers</li> </ul> <p>and <b>services:</b></p> <ul style="list-style-type: none"> <li>• Supplies of services in a Member State in which the supplier is not established</li> </ul>	<p>Supplies of <b>goods</b> (excluding goods subject to excise duty)</p> <ul style="list-style-type: none"> <li>• <b>imported</b> from a third territory/third country,</li> <li>• <b>in consignments ≤ EUR 150</b></li> </ul>

## › What is the One-Stop Shop (OSS)?

**An electronic system which simplifies up to 95 % of VAT obligations for sellers of goods and services to consumers throughout the EU.**

It allows sellers to:

- › register in the scheme(s) electronically in a single Member State:
  - › for all intra-EU distance sales of goods and for B2C cross-border supplies of services (Union scheme)
  - › For all distances sales of imported goods in the EU (Import scheme)
  - › For all B2C supplies of services made by non-EU traders (not established (Non-union scheme)

=> thus avoid VAT registration in multiple Member States;
- › declare and pay VAT due on all these supplies of goods and/or services in a single electronic return:
  - › Quarterly for the Union and non-union scheme
  - › Monthly for the import scheme
- › work with the tax administration of one Member State only



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VAT rules  
made easy

# ON SCHEME



# › The Union scheme facilitates intra-EU commerce and declaration of VAT

## Which sales does the Union scheme cover?

- › all B2C cross-border services to EU consumers;
- › All Intra-eu distance sales of goods to EU buyer.

## How to register for the union scheme?

- › Each EU Member State has an online OSS portal where businesses can register. This single registration will, however, be valid for all sales to consumers in other EU Member States.
  - › Mandatory to register in the MS where the business/deemed supplier has its place of business/is established
  - › If not established, where the business has a stock of goods
- › Registration with the VAT identification of this MS



# HOW TO USE THE OSS:

APPLY THE VAT RATE OF THE MEMBER STATE WHERE THE GOODS ARE DISPATCHED TO OR WHERE THE SERVICES ARE SUPPLIED

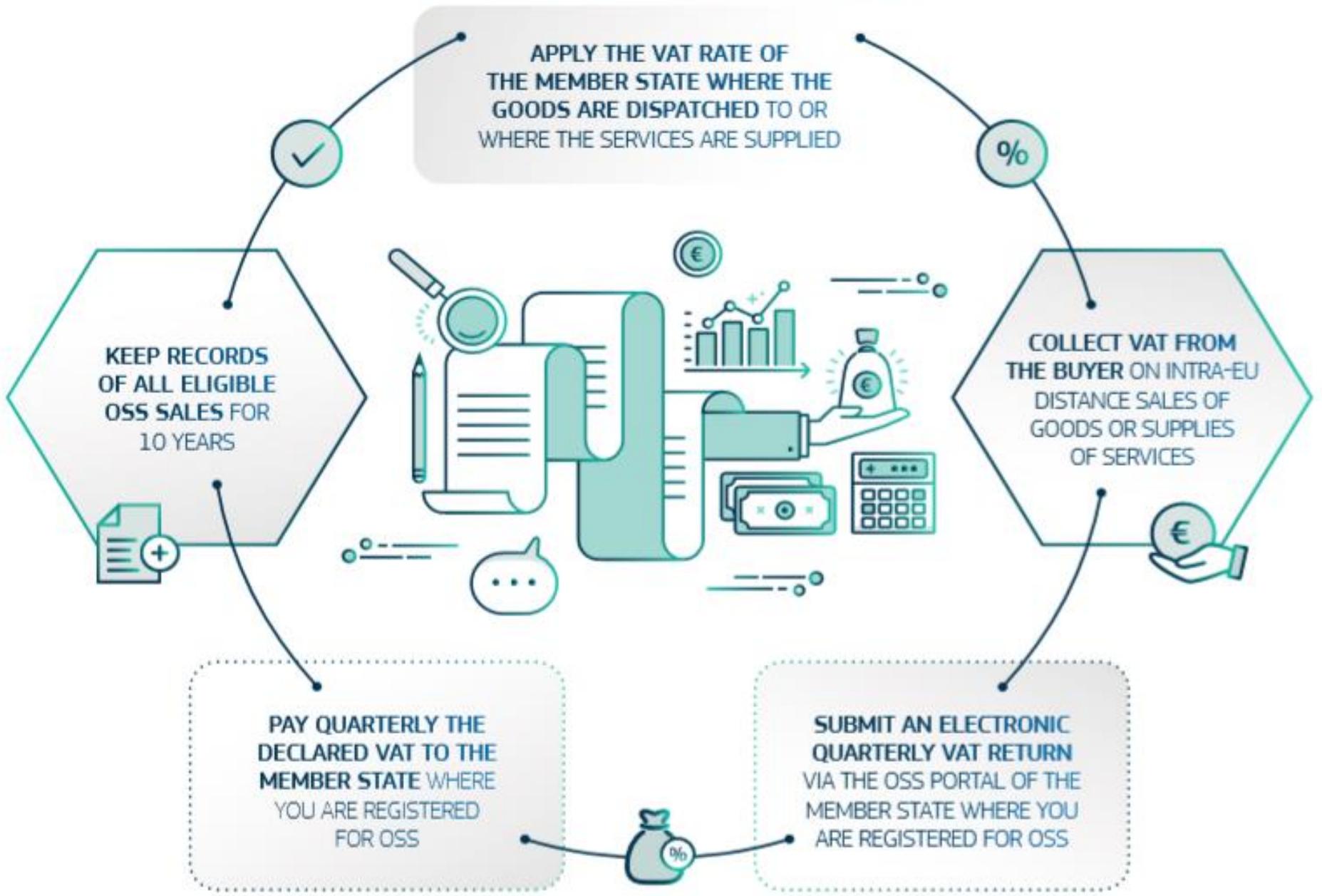
%

COLLECT VAT FROM THE BUYER ON INTRA-EU DISTANCE SALES OF GOODS OR SUPPLIES OF SERVICES

KEEP RECORDS OF ALL ELIGIBLE OSS SALES FOR 10 YEARS

PAY QUARTERLY THE DECLARED VAT TO THE MEMBER STATE WHERE YOU ARE REGISTERED FOR OSS

SUBMIT AN ELECTRONIC QUARTERLY VAT RETURN VIA THE OSS PORTAL OF THE MEMBER STATE WHERE YOU ARE REGISTERED FOR OSS



# One-Stop Shop (OSS)

EXAMPLE – UNION SCHEME



<b>Case:</b>	<b>Seller established in SI and has a fixed establishment (F.E.) in ES</b>	
	<b>Supplies goods to customers in EU:</b>	<p>From SI to customers in: FR, DE, IT, PL, FI, EE, <b>ES</b></p> <p>From ES F. E. to customers in: PT and FR</p>
<b>VAT implications:</b>	<b>VAT due in PT, FR, IT, DE, PL, FI, EE,</b>	register in each MCON or in OSS
	<b>If supplier registers in each MCON</b>	declare and pay VAT in each MCON → costly and more burdens
	<b>If supplier registers in the Union OSS (Union scheme)</b>	declares and pays VAT for these supplies in a single MS
	<b>Supplier established in SI</b>	<b>MSID is SI</b>
<b>Domestic VAT: what</b>	<b>Supplies made:</b>	<u>cannot</u> be declared via the Union scheme
	<ul style="list-style-type: none"> <li>&gt; from SI to SI customers</li> <li>&gt; from ES to ES customer</li> </ul>	declared in the national VAT return of the respective MCON.



# 1. Registration



# › 1) Who can register for the One Stop Shop?

## › Any taxable person established in the EU who

- supplies services to non-taxable persons taking place in a Member State where that taxable person has no establishment and/or
- carries out intra-Community distance sales of goods;

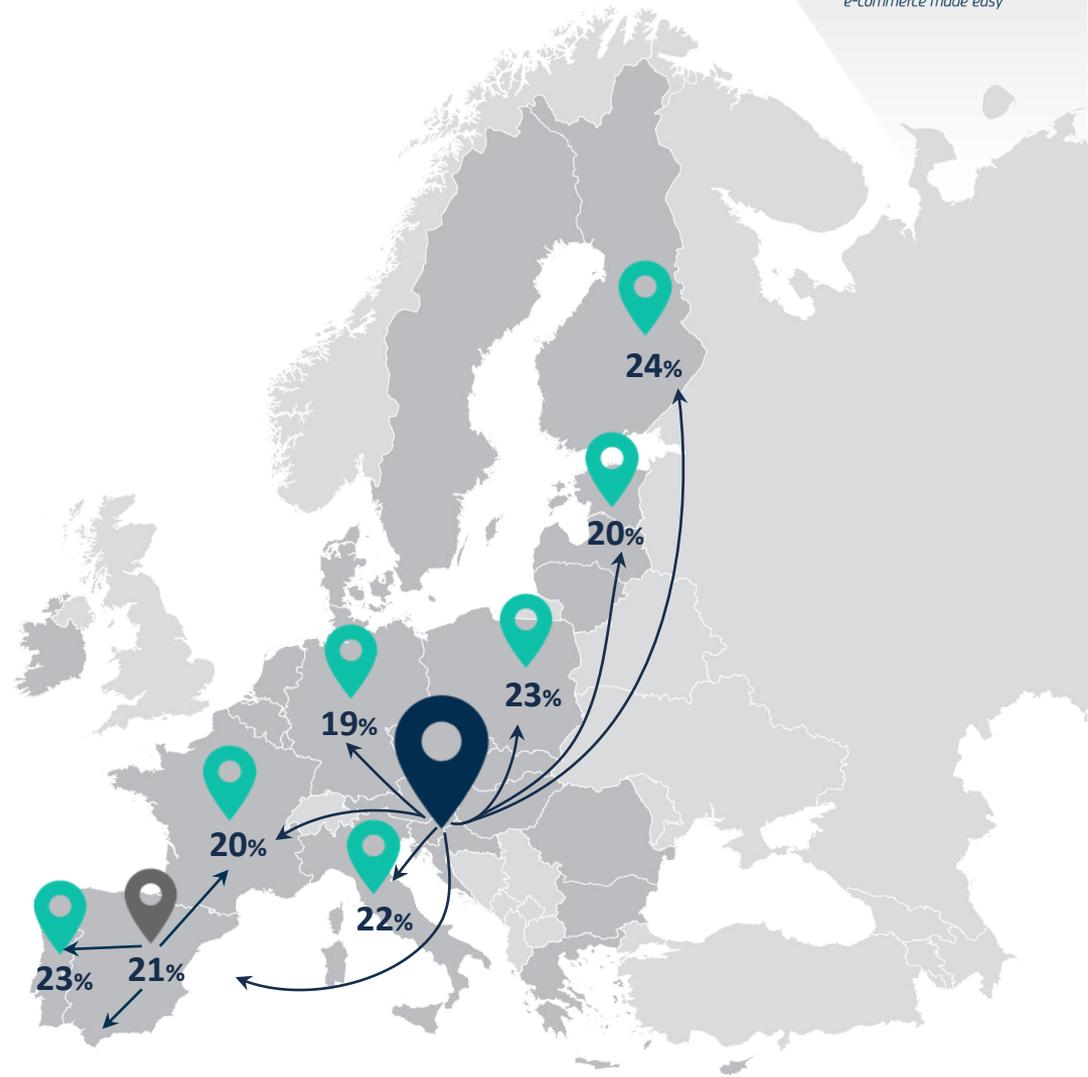
## › Any taxable person not established in the EU who

- carries out intra-Community distance sales of goods;

## › Any taxable person who is a deemed supplier who

- carries out intra-Community distance sales of goods and/or
- domestic supplies of goods

## 2. Supply of goods



### 3. VAT return

#### Supplies declared in the OSS VAT return in SI:

- › From SI (MSID) → FR, DE, IT, PL, FI, EE, ES
- › ES (F.E.) → PT, FR

#### Supplies not in OSS, but national VAT return:

- › In SI: domestic supplies in SI
- › In ES: domestic supplies in ES



# 3. VAT return

Submitted quarterly → by the end of the following month	Q1: 30/4;
	Q2: 31/7;
	Q3: 31/10;
	Q4: 31/1
Submitted electronically	
Contains the following information, per MSCON	Total value of supplies made during the quarter, exclusive of VAT (per VAT rate)
	VAT rate
	Total amount of VAT due
MSID	Splits the return information by MSCON
	Forwards it to the various MSCON
Corrections:	Must be made in a subsequent OSS VAT return
	Within 3 years after deadline for submitting the initial VAT return

## 4. VAT payment

VAT payment for supplies covered by the OSS to the MSID (SI)

Transfer of VAT returns by MSID to the respective MCON

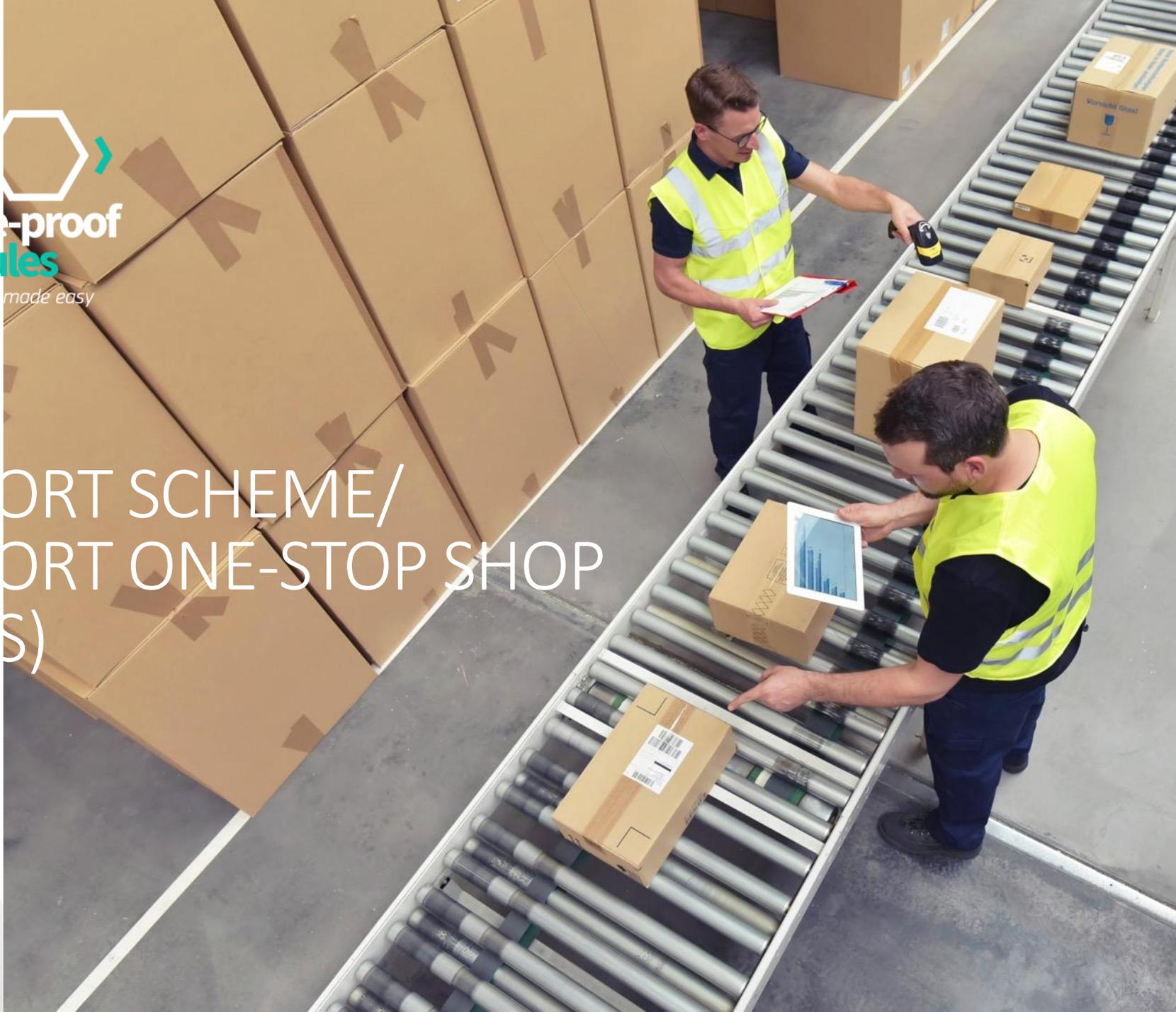
Includes VAT on supplies from SI (MSID) and from ES (F.E.)





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PORT SCHEME/  
PORT ONE-STOP SHOP  
(S)



# › The IOSS facilitates the collection, declaration and payment of VAT

## Which sales does the IOSS cover?



Dispatched or transported from outside of the EU at the time they are sold



In consignments with a value not exceeding EUR 150



Not subject to excise duties (typically applied to alcohol or tobacco products)

## How to register for the IOSS?

- › Each EU Member State will have an online IOSS portal where businesses can register.
- › If the business/deemed supplier is not based in the EU, it will normally need to appoint an EU-established intermediary to fulfil its VAT obligations under IOSS.
- › This single registration will, however, be valid for all distance sales of imported goods made to buyers in the EU Member States.

# What does the supplier/deemed supplier/ Intermediary need to do if he uses the IOSS?

## IOSS REGISTRATION

Online business  
obtains **EU VAT  
IOSS number**

↓  
**Valid for  
imports in all  
EU Member  
States.**



## CHARGE VAT

Online business  
**charges** the  
EU VAT to  
the customer  
upon sale.



## DECLARE & PAY VAT

Online business  
**declares** and  
**pays** VAT to the  
EU tax authorities  
where registered

↓  
**One monthly  
IOSS VAT return  
and One payment.**



## RECORDS

Online business  
keeps **records**  
of IOSS sales  
for 10 years for  
future controls.



## EU IMPORT

IOSS goods are  
**VAT Exempt**  
when declared  
for importation  
with EU customs



# Import scheme/ Import One-Stop Shop (IOSS)

EXAMPLE



<b>Case:</b>	<b>Seller from Switzerland</b>	
	<b>Supplies goods to customers in EU:</b>	<b>IT, FR, DE, PL, FI, EE</b>
<b>VAT implications:</b>	<b>VAT due in IT, FR, DE, PL, FI, EE</b>	register in each MSCON or in IOSS
	<b>If supplier registers in each MSCON</b>	declare and pay VAT in each MSCON → costly and more burdens
	<b>If supplier registers in the IOSS (PT)</b>	declares and pays VAT for these supplies in a single MS
	<b>Supplier registers in Portugal</b>	<b>MSID (MS of identification) is PT</b>



# 1. Registration

REGISTRATION REQUEST

REGISTRATION IN  
MS OF  
INTERMEDIARY  
VAT Nr. IM12345678



## 2. VAT Return



### 3. VAT Payment

VAT payment for supplies covered by the IOSS to the MSID (PT)

Transfer of VAT returns by MSID to the respective MCON



# Invoicing obligations

Non-Union scheme	Union scheme	Import scheme
<p>In general, there is no obligation for the supplier to issue an invoice.</p> <p>If the supplier chooses to issue an invoice, the rules of the Member State of identification apply.</p>	<p>There is no obligation for the supplier to issue an invoice.</p> <p>If the supplier chooses to issue an invoice, the rules of the Member State of identification apply.</p> <p>Please note that the supplier has to issue an invoice for intra-Community distance sales of goods if he does not use the Union scheme.</p>	<p>In general, there is no obligation for the supplier to issue an invoice.</p> <p>If the supplier chooses to issue an invoice, the rules of the Member State of identification apply.</p>

Supplies		Obligation to invoice according to the VAT Directive?	Can Member States impose invoicing obligation?	Which Member State's invoicing rules?
Deemed B2B supply	A distance sale of imported goods (Article 14a(1))	Not applicable* * Commercial invoice for customs clearance	Not applicable	Not applicable
	A supply of goods within the EU (Article 14a(2))	YES	Not applicable	Member State where the supply takes place
Deemed B2C supply	A distance sale of imported goods (Article 14a(1)) <u>taking place in the EU</u>	NO* * Commercial invoice for customs clearance	YES	<ul style="list-style-type: none"> <li>a) Use of the special scheme – Member State of identification</li> <li>b) No use of the special scheme – Member State where the distance sale of imported goods takes place</li> </ul>
	A supply of goods within the EU (Article 14a(2)): <ul style="list-style-type: none"> <li>1) domestic supply by EI</li> <li>2) Intra-EU distance sales of goods by EI</li> </ul>	<ul style="list-style-type: none"> <li>1) NO</li> <li>2) a) Use of the special scheme – NO b) No use of the special scheme - YES</li> </ul>	<ul style="list-style-type: none"> <li>1) YES</li> <li>2) a) NO b) YES</li> </ul>	<ul style="list-style-type: none"> <li>a) Use of the special scheme – Member State of identification</li> <li>b) No use of the special scheme – Member State where the distance sale of imported goods takes place</li> </ul>

## Record keeping obligations

- › If supplier/deemed supplier uses the OSS/ISS => Art 63c of the VAT implementing regulation
  - List of data that must be kept for 10 years from the end of the year in which the supply was carried out.
  - Standard form (SAF-OSS soon available)
  
- › If supplier/deemed supplier does not use the OSS/IOSS => Art 242 of the VAT Directive
  - each national legislation sets out what must be kept and in which format.

# THE SPECIAL ARRANGEMENTS FOR POST AND COURIERS



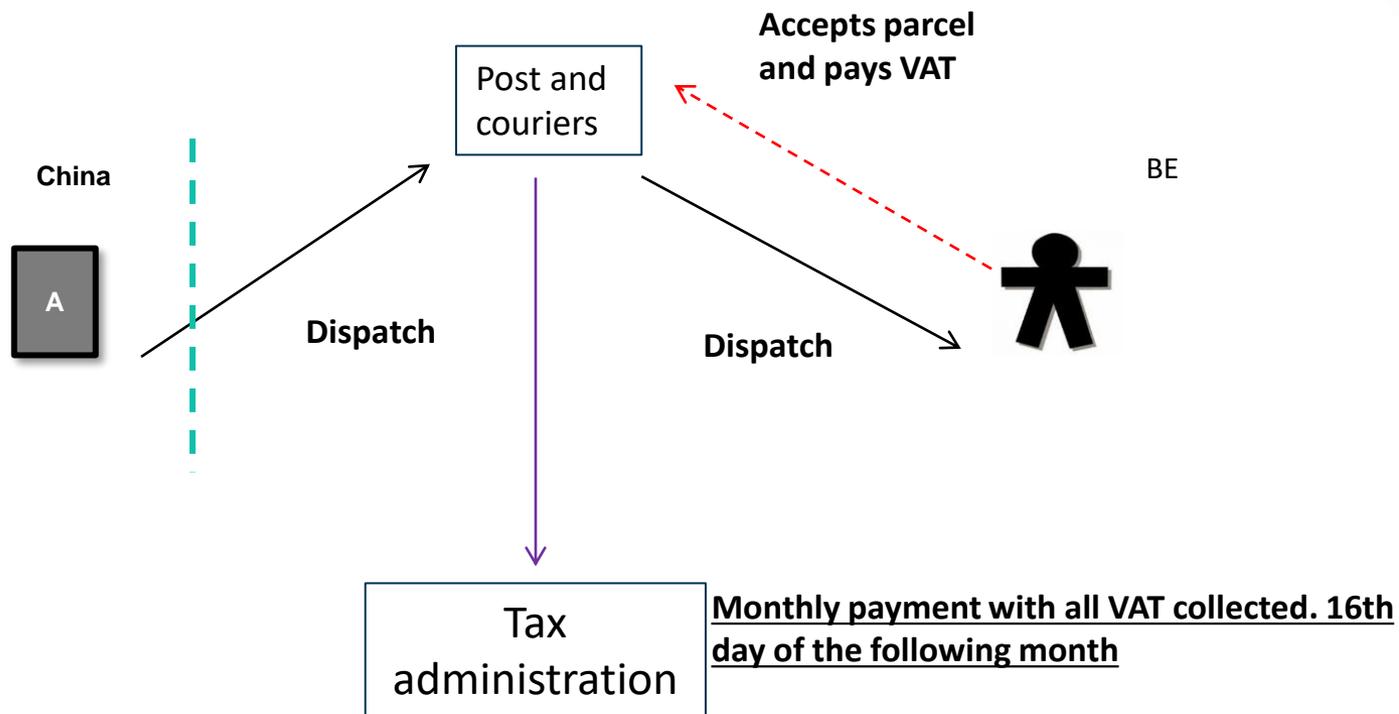
## ➤ Special arrangements for the collection of import VAT when IOSS is not used.

Only for importation of goods in the country of delivery to the customer

- The person presenting the goods to customs will remit to the tax/customs authorities the VAT collected from the final customer during a calendar month.
- EU Member States may provide for the use of the standard VAT rate for all goods declared under the special arrangements.
- The declarant/person presenting goods to customs will make a single monthly payment to the competent authorities with all the VAT collected from customers (Article 369zb(2) of the VAT Directive).
- Payment until the 16th day of the month following the month when VAT is collected.



# Special arrangements



PART 4

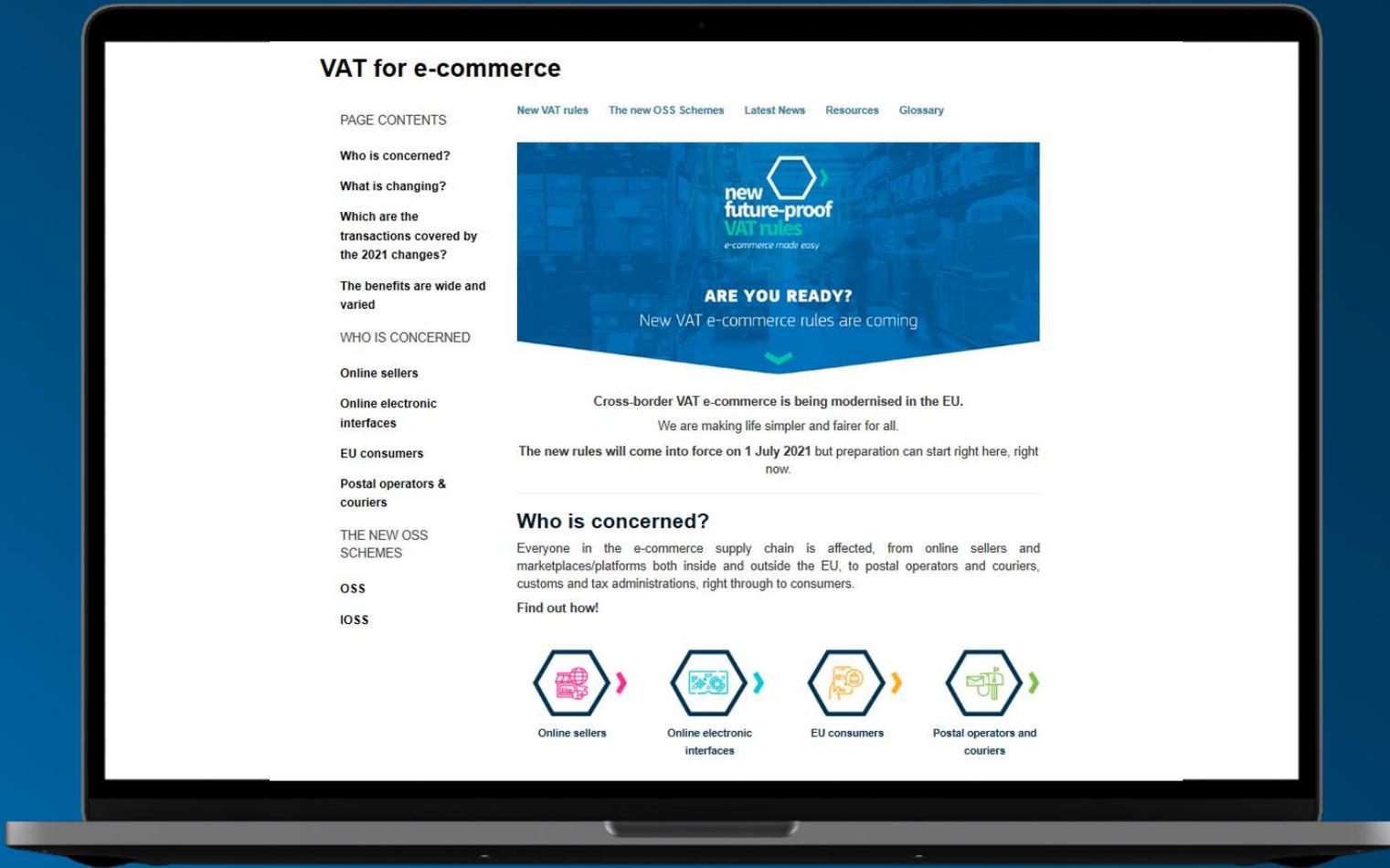
# COMMUNICATION CAMPAIGN



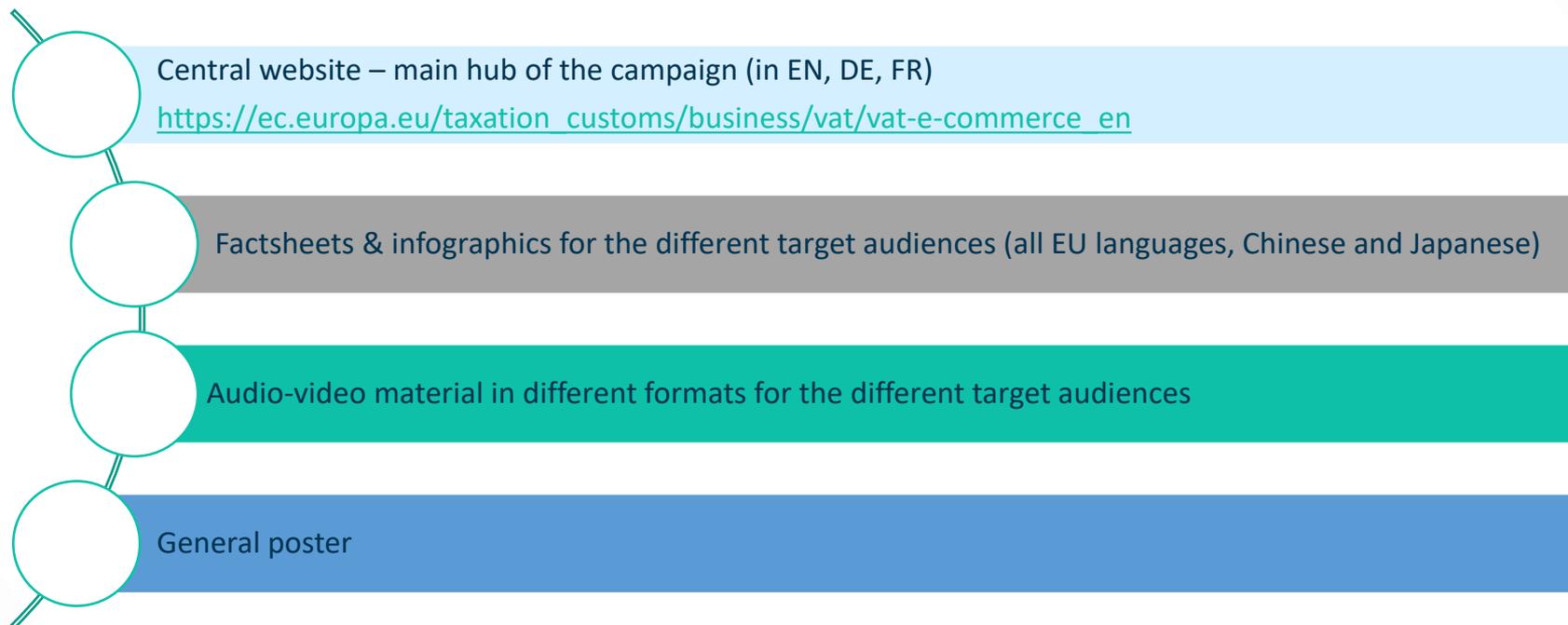


More information :

<https://ec.europa.eu/vat-ecommerce>



# Campaign material



# Guidance documents (Resources)

VAT e-commerce  
explanatory  
notes

Guide to  
the VAT  
One-Stop-  
Shop  
(including  
IOSS)

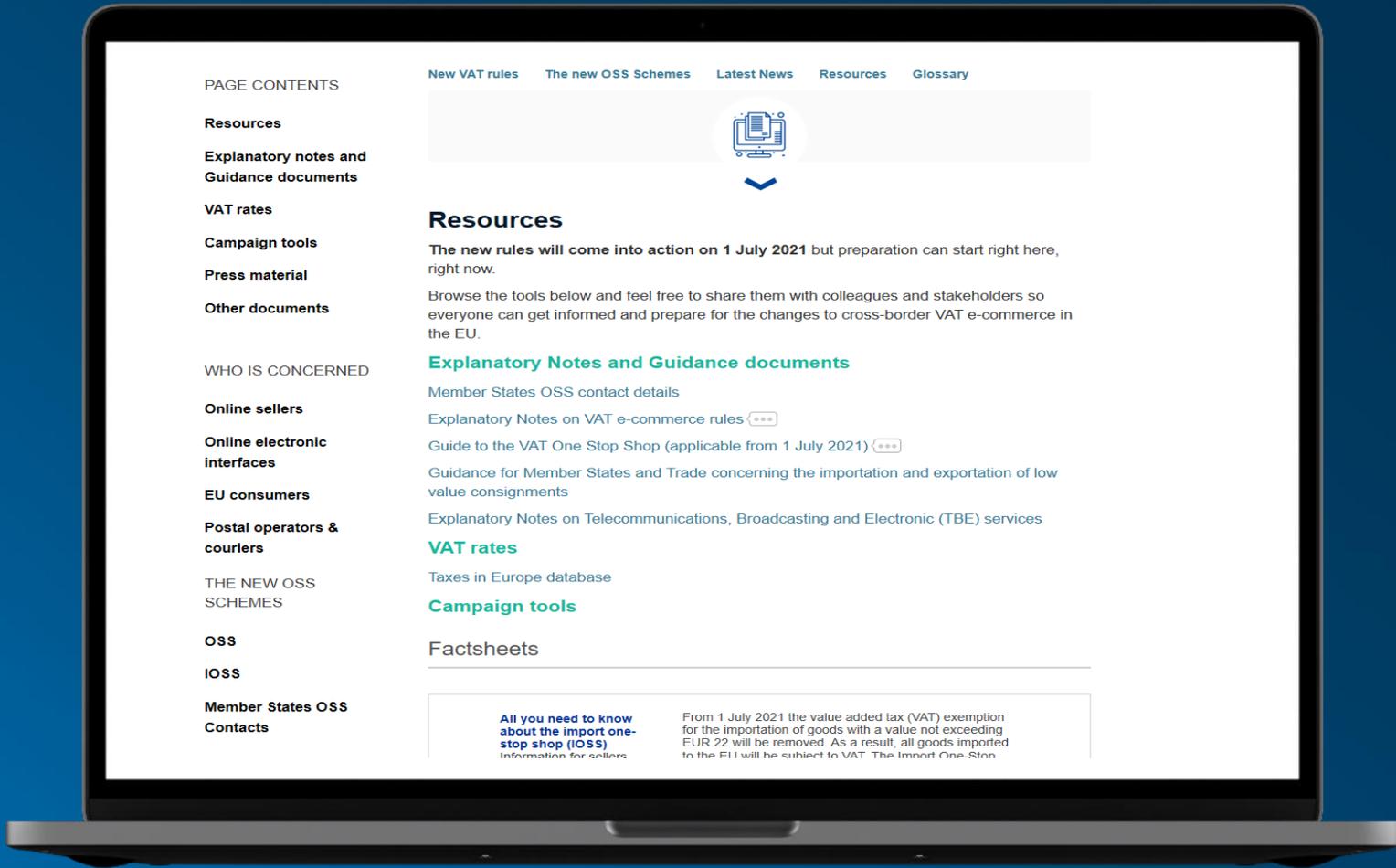
Customs  
Guidance

Taxes in  
Europe  
Database  
(TEDB)  
VAT rates

Explanatory  
Notes on  
TBE  
services



[https://ec.europa.eu/taxation\\_customs/business/vat/ressources\\_en](https://ec.europa.eu/taxation_customs/business/vat/ressources_en)



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Online sellers

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couriers

THE NEW OSS  
SCHEMES

OSS

IOSS

Member States OSS  
Contacts

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## Resources

The new rules will come into action on 1 July 2021 but preparation can start right here, right now.

Browse the tools below and feel free to share them with colleagues and stakeholders so everyone can get informed and prepare for the changes to cross-border VAT e-commerce in the EU.

### Explanatory Notes and Guidance documents

Member States OSS contact details

Explanatory Notes on VAT e-commerce rules (\*\*\*)

Guide to the VAT One Stop Shop (applicable from 1 July 2021) (\*\*\*)

Guidance for Member States and Trade concerning the importation and exportation of low value consignments

Explanatory Notes on Telecommunications, Broadcasting and Electronic (TBE) services

### VAT rates

Taxes in Europe database

### Campaign tools

### Factsheets

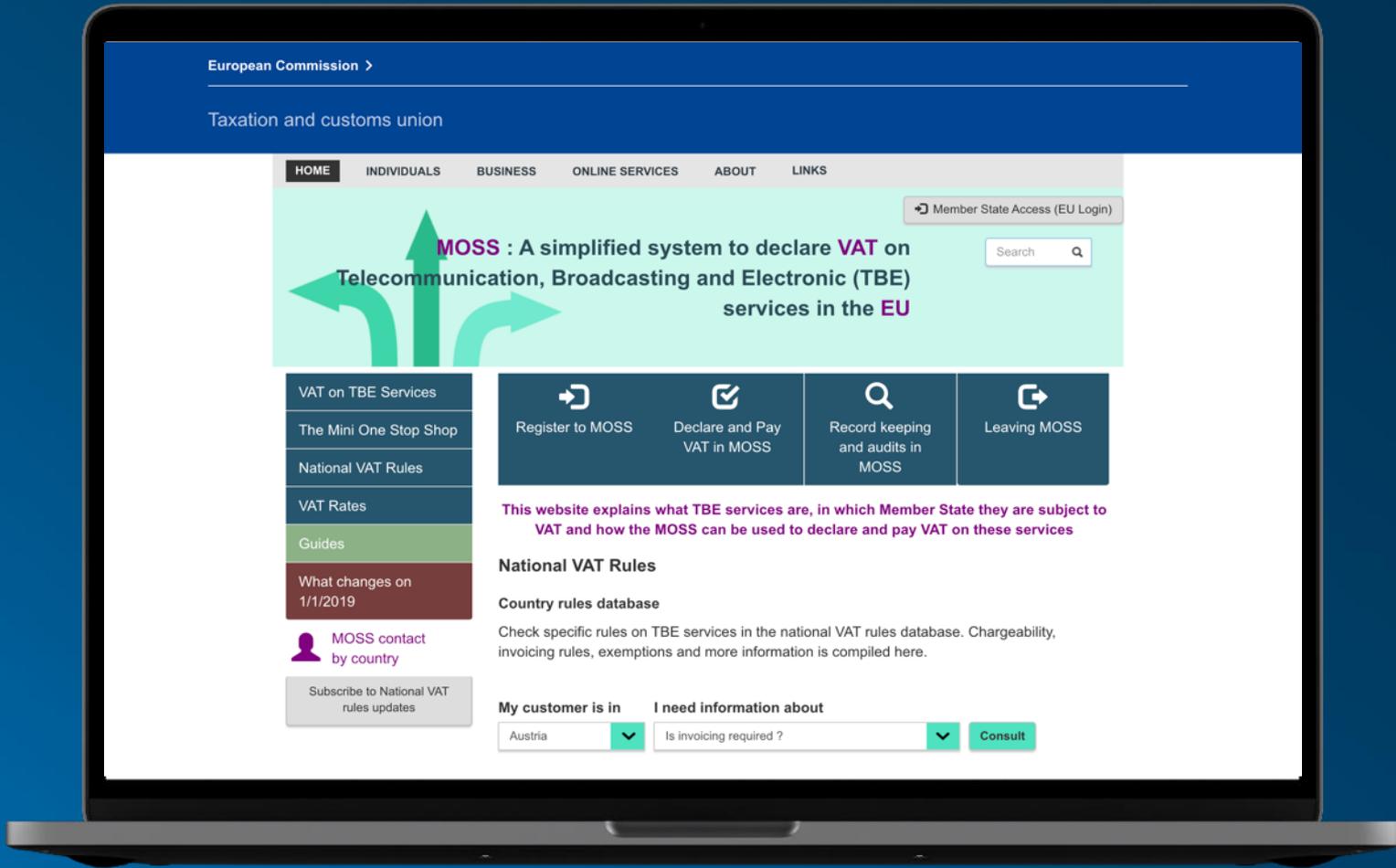
**All you need to know  
about the import one-  
stop shop (IOSS)**  
Information for sellers

From 1 July 2021 the value added tax (VAT) exemption for the importation of goods with a value not exceeding EUR 22 will be removed. As a result, all goods imported to the EU will be subject to VAT. The Import One-Stop



>>> The MOSS portal:

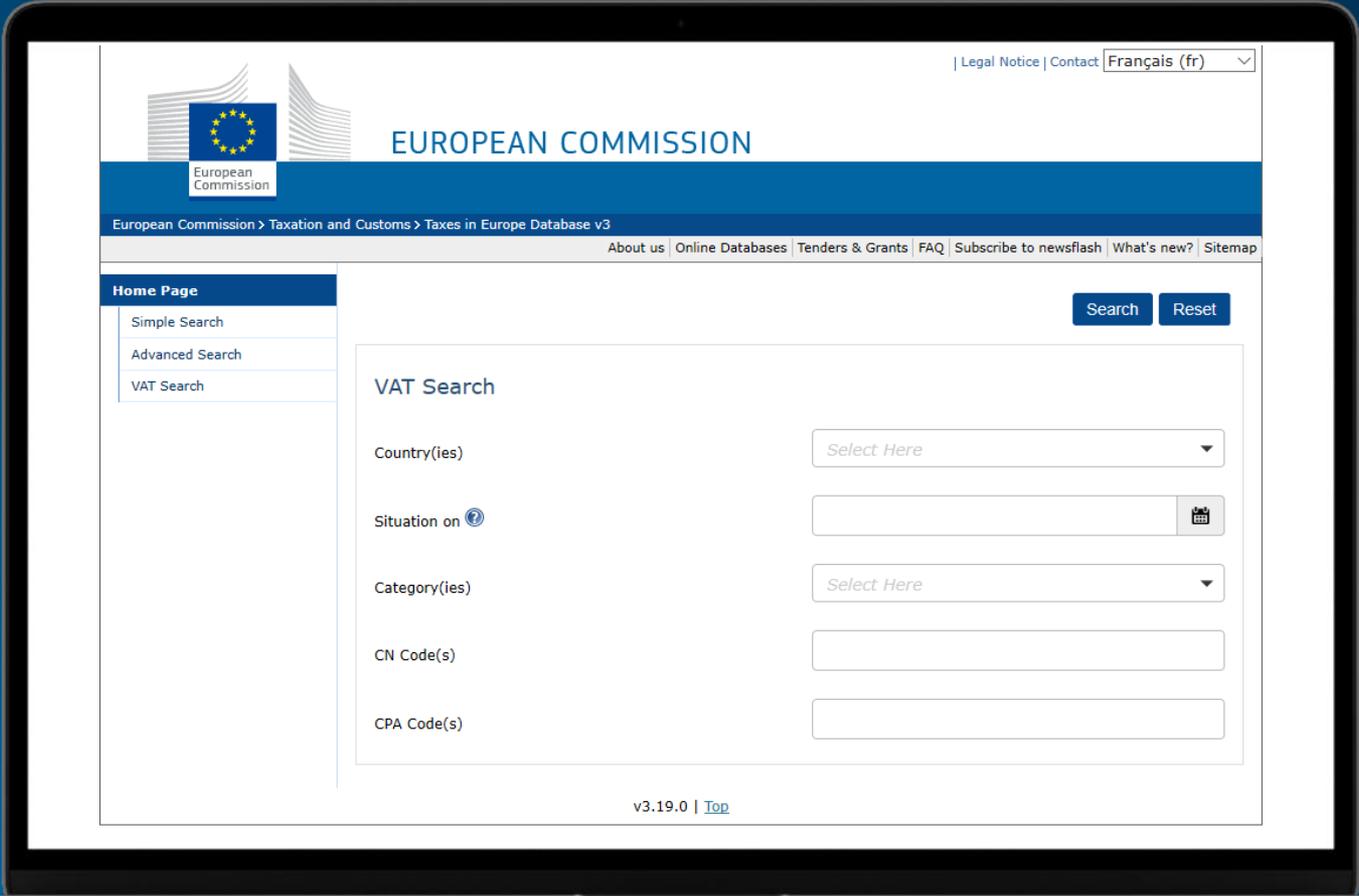
[https://ec.europa.eu/taxation\\_customs/business/vat/telecommunications-broadcasting-electronic-services](https://ec.europa.eu/taxation_customs/business/vat/telecommunications-broadcasting-electronic-services)





## VAT rates TEDB

[https://ec.europa.eu/taxation\\_customs/tedb/vatSearchForm.html](https://ec.europa.eu/taxation_customs/tedb/vatSearchForm.html)



The screenshot shows the VAT Search Form on the European Commission website. The page header includes the European Commission logo and the text "EUROPEAN COMMISSION". A language dropdown menu is set to "Français (fr)". The breadcrumb trail reads "European Commission > Taxation and Customs > Taxes in Europe Database v3". A navigation menu at the top right includes "About us", "Online Databases", "Tenders & Grants", "FAQ", "Subscribe to newsflash", "What's new?", and "Sitemap".

The main content area is titled "VAT Search" and contains the following fields:

- Country(ies):
- Situation on:  
- Category(ies):
- CN Code(s):
- CPA Code(s):

Search and Reset buttons are located at the top right of the form. The footer of the page displays "v3.19.0 | [Top](#)".



## › before

## benefit

## after

Different VAT e-commerce rules for EU and non-EU traders



› Fairer taxation

- › Equal taxation for all businesses in and outside the EU
- › Simpler VAT rules and processes

Complicated and burdensome VAT obligations depending on EU Member State



› Simplified process

- › Easy for all businesses to declare and pay their VAT on cross-border deliveries to customers via the OSS and/ or the IOSS
- › Users deal with only one national tax authority

VAT exemption on imported goods lead to inappropriate customs declarations, distorting the market and creating unfair competition



› Greater price transparency

- › VAT is paid in the Member State of the buyer
- › The IOSS can be used to declare and pay this VAT

No accountability for electronic interfaces, such as platforms or marketplaces



› Greater VAT compliance

- › The electronic interface is responsible for ensuring VAT is collected on their platforms
- › Less VAT fraud



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