




# VAT & IOSS


Making E-Commerce Flow



A woman with blonde hair tied back is working in a warehouse. She is surrounded by stacks of cardboard boxes and shelves filled with more boxes. A sign on the floor reads "KEEP THIS AREA CLEAN YOUR WAREHOUSE ONLY HERE SO CLEAN UP AFTER YOURSELF!".

## **Overview of EU VAT Changes**

# Overview of EU VAT Changes Part. 1



| Goods Value* | DUTIES                           |                                 | VAT  |   |
|--------------|----------------------------------|---------------------------------|--|---|
|              | Until June 30 <sup>th</sup> 2021 | As of July 1 <sup>st</sup> 2021 | Until June 30 <sup>th</sup> 2021                 | As of July 1 <sup>st</sup> 2021                                 |
| €0 – €22**   | Exempted                         | Exempted                        | Exempted   | Levied<br>(with IOSS for B2C, or<br>Upon Import for<br>B2C/B2B) |
| €22** – €150 | Exempted                         | Exempted                        | Levied<br>(Upon Import,<br>Standard VAT Payment) | Levied<br>(with IOSS for B2C, or<br>Upon Import for<br>B2C/B2B) |
| Above €150   | Levied<br>(Upon Import)          | Levied<br>(Upon Import)         | Levied<br>(Upon Import,<br>Standard VAT Payment) | Levied<br>(Upon Import,<br>Standard VAT Payment)                |

**\*Goods Value:** intrinsic value (the **price at which the goods are sold, excluding transport and insurance costs, unless they are included in the price and not separately indicated on the invoice**). It is important to note that the threshold applies to the **value of the consignment, not to each individual item.**

**NOTE:** please note the abbreviation **B2C** = Business to Consumers and **B2B** = Business to Business **D2C** = Direct to Consumer

# Overview of EU VAT Changes Part. 2



## EU VAT De Minimis Removal

- ❑ 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.
- ❑ **Please note! With Landmark, it is restricted DDP (has to be through IOSS)**
- ❑ As a result, **all goods imported to the EU will be subject to VAT**, with **different VAT collection possibilities** available:

### 1 with IOSS (only for B2C | goods up to EUR 150)

**VAT collected by the ONLINE SELLER at the moment of purchase**  
(and ONLINE SELLER then pays to EU Tax Authorities via monthly VAT return)

- ❑ Companies (EU-based/non-EU based) selling **B2C goods from anywhere in the world to the EU** and opting to register under **IOSS (Import One-Stop Shop)** will have to **collect VAT at the moment of purchase**, and pay to EU Tax Authorities via a **periodic VAT return**.
- ❑ Companies from outside the EU with **no EU representation** (i.e. not established in the EU) will have to **assign an intermediary (tax representative)** to deal with **EU VAT compliance on their behalf**.
- ❑ Upon IOSS registration, companies will have a **single VAT IOSS identification that applies in all 27 EU countries**.
- ❑ The IOSS VAT identification must be indicated by the seller (e.g. retailer/marketplace) **on the Commercial Invoice data**, so Express Supplier can use it in the Clearance Process.

### 2 without IOSS (for B2C or B2B | any goods value)

**Express Suppliers pays VAT to Authorities upon import** (and then charges the customer), **or customer pays VAT directly** to Authorities

- ❑ Same as **current process in place for shipments above EUR 22**, i.e. either:

**a) Express Supplier pays VAT to Authorities upon import** and then charges the customer (as per Express Supplier Billing Service selected, e.g. **DTP Billing Service**)

**or**

**b) Customer pays VAT directly to Authorities** with its own deferment account.

As the company is **not** registered in IOSS, therefore an **IOSS number is not required**.

A woman with blonde hair tied back is working in a warehouse. She is surrounded by tall shelves filled with cardboard boxes. In the foreground, there are stacks of boxes and a sign that says "KEEP THIS AREA CLEAN". The overall scene is dimly lit with a blue tint.

# **IOSS VAT Payment & Customs Clearance**



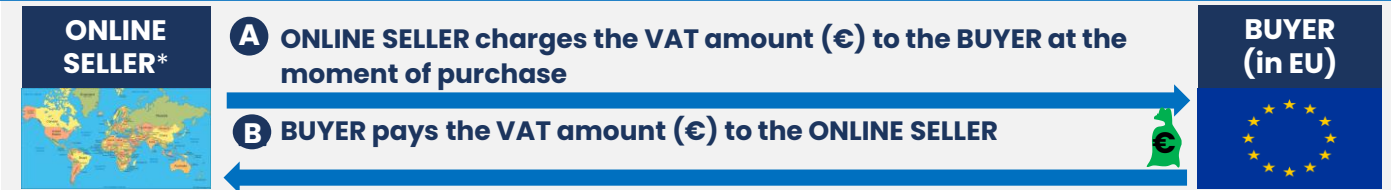
# IOSS VAT Payment

## Import One-Stop Shop (IOSS) – VAT Payment | for B2C goods up to EUR150

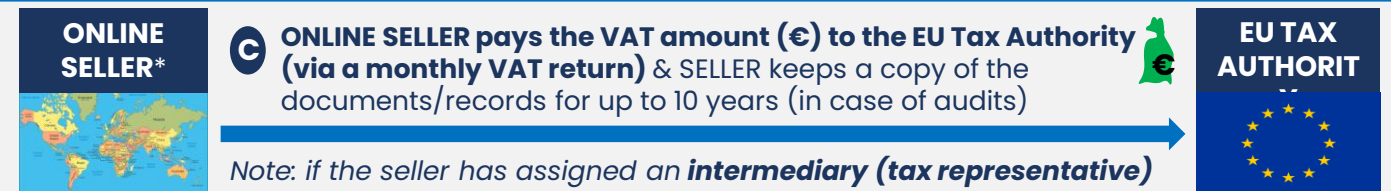
### ► One-Time IOSS Registration

- ❑ In order to use the Special Scheme (with IOSS), as a first step the ONLINE SELLER\* must **register for IOSS in one (1) European Union country**.
- ❑ Upon registration, the seller will be given one (1) unique **IOSS number** which is valid for **ANY country** in the European Union.
- ❑ **IMPORTANT:** companies from outside the EU with no EU representation (i.e. not established in the EU) **must assign an intermediary (tax representative)** to deal with EU VAT compliance on their behalf, i.e. to pay the VAT amount to the EU Tax Authority (via a monthly VAT return).

### ► VAT Payment Process (transactional / at the moment of purchase)



### ► VAT Return to EU Tax Authority (MONTHLY)



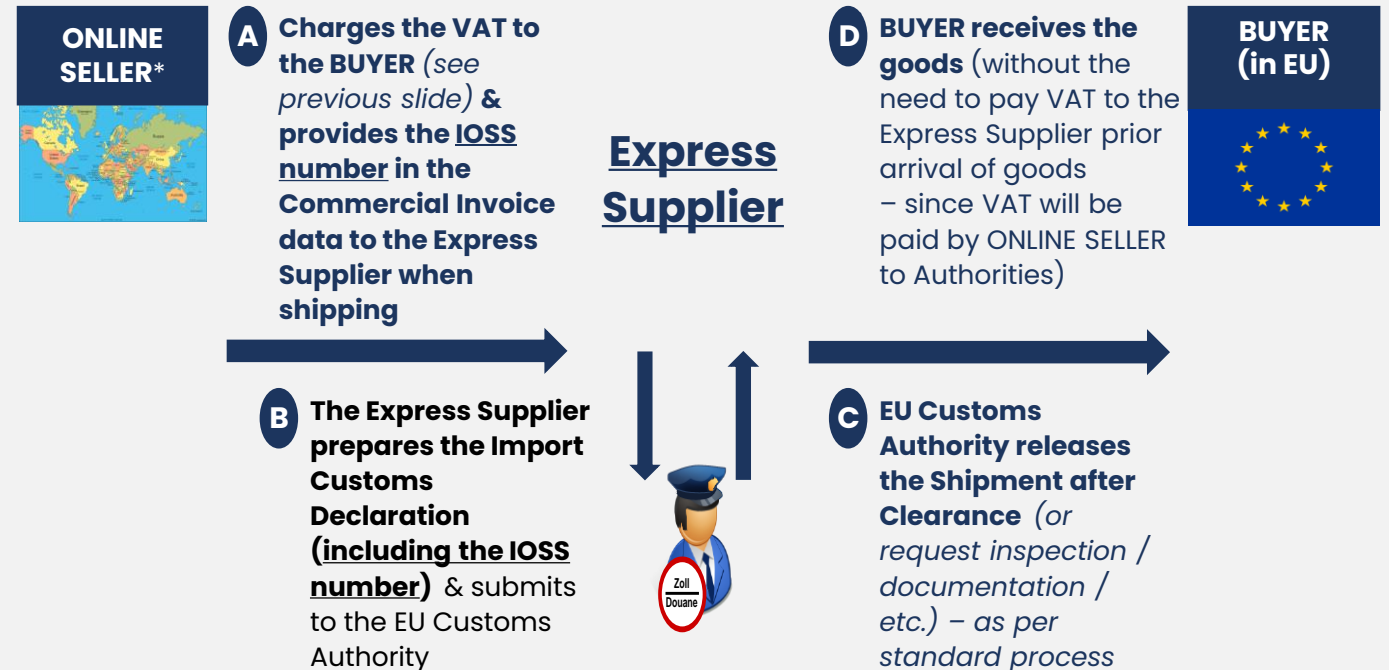
*Note: if the seller has assigned an **intermediary (tax representative)** to deal with EU VAT compliance on their behalf, then the monthly VAT payment to EU Tax Authority is done by the tax representative.*

# IOSS Customs Clearance

**Import One-Stop Shop (IOSS) – Customs Clearance** | for B2C goods up to EUR150

## ► Customs Clearance

- ❑ If the VAT has already been charged (*see previous slide*), then the seller must **indicate the IOSS number in the Commercial Invoice data to the Express Supplier**.
- ❑ **Please note! IOSS number must be sent electronically**
- ❑ **The Express Supplier will then include the IOSS number in the Import Customs Declaration** submission to the EU Customs Authorities – below an overview:



A woman with blonde hair tied back is working in a warehouse. She is surrounded by stacks of cardboard boxes and shelves filled with more boxes. A sign on the floor reads "KEEP THIS AREA CLEAN YOUR WAREHOUSE ONLY HERE SO CLEAN UP AFTER YOURSELF!".

# **IOSS Key Benefits**



# IOSS

## Key Benefits

Import One-Stop Shop (IOSS) | for B2C goods up to EUR150

### ► Key Benefits

❑ **The IOSS facilitates the declaration, payment and collection of VAT.**

❑ There are multiple benefits of using the Import One-Stop Shop (IOSS), including:

#### ► Benefits for SELLERS:

❑ **Customer Experience:** positive buyer experience by enabling the VAT cost transparency at the moment of purchase.

❑ **Single EU VAT Registration (covering each of the 27 EU countries):** different than current setup, which requires 1 VAT registration for each EU country in case of DDP.

❑ **Cash Flow:** monthly VAT payments done to EU Tax Authorities.

#### ► Benefits for BUYERS:

❑ **Price Transparency:** visibility of the VAT amount at the time of purchase.

❑ **Ease of Payment:** VAT payment done **directly when buying the goods online** (at moment of purchase).

❑ **No Surprises:** no additional import VAT payments required prior the receipt of goods, therefore less involvement required from buyer during clearance process.

Benefits

A woman with blonde hair tied back is working in a warehouse. She is surrounded by stacks of cardboard boxes and shelves filled with more boxes. A sign on the right side of the image reads "KEEP THIS AREA CLEAN YOUR WAREHOUSE ONLY HERE SO CLEAN UP AFTER YOURSELF!".

# **IOSS Customs Declaration**

# IOSS Customs Declaration

| Goods Value* | CUSTOMS DECLARATION   |  |
|--------------|---|--|
|              | Until June 30 <sup>th</sup> 2021  | As of July 1 <sup>st</sup> 2021                        |
| €0 – €22**   | NO Formal Customs Declaration<br>( <u>Manifest Clearance</u> )<br><i>except Prohibited/Restricted Goods</i> | <b>Formal Customs Declaration<br/>(1 per shipment)</b> |
| €22** – €150 | Formal Customs Declaration<br>(1 per shipment)  | Formal Customs Declaration<br>(1 per shipment)         |
| Above €150   | Formal Customs Declaration<br>(1 per shipment)  | Formal Customs Declaration<br>(1 per shipment)         |

## CUSTOMS DECLARATIONS

- ❑ Currently, low value shipments **below €22** are cleared with a **Manifest Clearance**, where multiple low value shipments are **grouped under one (1)** declaration.
- ❑ With the **EU decision to abolish the VAT relief as of 1<sup>st</sup> of July 2021**, all shipments imported to the European Union (EU) will require a **FORMAL Customs Declaration (1 per shipment)**.


\*Goods Value: intrinsic value (the price at which the goods are sold, excluding transport and insurance costs, unless they are included in the price and **not** separately indicated on the invoice). It is important to note that the threshold applies to the **value of the consignment, not to each individual item.**

## CUSTOMS DATA QUALITY

**To avoid shipment delays, and successfully clear your shipments with Customs Authorities, it's essential that you provide:**

- ❑ **Commercial / Pro Forma Invoice Line Item Data**, transmitted electronically to Express Supplier with high-quality information, including:
  - ❑ **Complete & Accurate Goods Descriptions**, which clearly/accurately describe the shipment content
  - ❑ **Accurate & Itemized Values** on the Invoice
- see next slides with the **Key Data Element Categories** for a Successful Customs Clearance



A woman with blonde hair tied back is working in a warehouse. She is surrounded by stacks of cardboard boxes and tall shelving units filled with more boxes. The scene is dimly lit, with a blue tint. A white text box is overlaid on the center of the image.

## **Key Data Element Categories for a Successful Customs Clearance**

# Key Data Element Categories for a Successful Customs Clearance Part 1



| Key Data Element Categories for a Successful Customs Clearance ( <i>Minimum Requirements</i> ) |                                     |   |   |
|--|-------------------------------------|---|---|
|  | Data Element Category               | Example   | Why Is This Important?  |
| 1  | Shipper & Exporter of Record (EOR)  | <b>Shipper &amp; Exporter of Record (EOR):</b><br>John Shipper   Road Name, No   Zip Code   Country   | Legally required for security filing and as part of a compliant customs declaration   |
|  | Receiver & Importer of Record (IOR) | <b>Receiver:</b><br>Paul Receiver   Road Name, No   Zip Code   Country<br><b>Importer of Record (IOR):</b><br>Tom Importer   Road Name, No   Zip Code   Country |   |
| 2  | Contact (e-mail, mobile number)     | John.Shipper@email.com   +12 3456789  | To contact in case of missing paperwork / information, avoiding clearance delays so we can clear customer shipment as quick as possible   |
|  |                                     | Paul.Receiver@email.com   +98 7654321   |   |
|  |                                     | Tom.Importer@email.com   +45 6478391  |   |
| 3  | Registration Number                 | Number: 12345678910   | Critical info for the Express Supplier to clear the shipment (i.e. tax & customs registration of the parties involved). If customer wants to use a shipper VAT collect model, the Express Supplier requires the shipper's VAT Registration (e.g. IOSS, LVG, OSR), otherwise VAT potentially is charged twice. |
|  | Type                                | Type: EORI Number   |   |
|  | Issuing country                     | Issuing Country: Belgium  |   |
| 4  | Type (Business / Private)           | Type: Private or Commercial , B2C or B2B  | For compliant customs clearance and to ensure the correct Deminimis threshold and duty exemptions are applied   |
|  | Reason for Export                   | Reason for Export: Repair and Return  |   |

# Key Data Element Categories for a Successful Customs Clearance Part 2



| Key Data Element Categories for a Successful Customs Clearance <i>(Minimum Requirements)</i> |                                       |   |   |
|--|---------------------------------------|---|---|
| #  | Data Element Category                 | Example   | Why Is This Important?  |
| 5  | Line Item Goods Description           | Sunglasses with lenses optically worked           | Legally required for security filing and as part of a compliant customs declaration |
|  | Line Item HS Code for Export / Import | 9004.10.XXXX* (*last digits are country-specific) |   |
|  | Line Item Country of Origin           | China   |   |
|  | Line Item Quantity and Measure        | 3 units (sunglasses)                              |   |
| 6  | Goods Line Item Value & Currency      | Goods Line-Item Value: US\$150 (x 3 units)        | Legally required for as part of a compliant customs declaration                     |
|  | Total Other Monetary Amount           | Insurance: US\$ 25                                |   |
|  | Total Freight Value & Currency        | Total Freight: US\$ 50                            |   |
|  | Total Invoice Value & Currency        | Total Invoice: US\$ 525                           |   |
|  | Incoterm and Place                    | Incoterm: EXW Place: Shanghai / China             |   |
| 7  | Total Gross Weight & Unit             | 0.5 kilograms (KG)                                | Legally required for security filing  |
| 8  | Customs Document Type and ID          | Type: Commercial Invoice   ID: 98765543           | Legally required for compliant customs declaration                                  |
|  | Customs Document Date                 | Date: July 22 <sup>nd</sup> 2020                  |   |



A woman in a dark blue uniform is working in a warehouse. She is surrounded by stacks of cardboard boxes and shelves filled with more boxes. A sign on one of the boxes reads "KEEP THIS AREA CLEAN YOUR WAREHOUSE ONLY HERE SO CLEAN UP AFTER YOURSELF!".

# **IOSS FAQ**

# FAQ

## Part 1



### What is the Import One-Stop Shop (IOSS)?

- ☐ The Import One-Stop Shop (IOSS) was created to **facilitate and simplify the declaration and payment of VAT** for distance sales of imported goods with a value **not exceeding EUR 150**.
- ☐ The IOSS facilitates the **collection, declaration and payment** of VAT for sellers that are making **distance sales** of imported goods to **buyers in the EU**.
- ☐ The IOSS also **makes the process easier for the buyer**, who is charged VAT at the time of purchase, therefore **ensuring transparency**.

### Which goods qualify for IOSS?

The IOSS covers **distance sales of goods\*** that are:

- ☐ dispatched or transported **from outside of the EU** at the **time they are sold**;
- ☐ dispatched or transported in consignments with a **value not exceeding EUR 150**;
- ☐ **not subject to excise duties** (typically applied to alcohol or tobacco products).

\* **The distance sales of goods** imported from third countries or third territories refer to the supplies of goods dispatched or transported by or on behalf of the supplier/seller, including when the supplier intervenes indirectly in the transport or dispatch of the goods, to a customer in a Member State.

Source: [https://ec.europa.eu/taxation\\_customs/business/vat/ioss\\_en](https://ec.europa.eu/taxation_customs/business/vat/ioss_en)

# FAQ

## Part 2



### How does the IOSS work?

- ☐ Sellers registered in the IOSS need to **apply VAT when selling goods** destined for a buyer in an EU Member State.
- ☐ The **VAT rate** is the one applicable in the **EU Member State where the goods are to be delivered**.
- ☐ Information on the **VAT rates in the EU** is available on both the European Commission website ([LINK](#)) & on the websites of national tax administrations.

### How can you register for the IOSS?

- ☐ You can register your business on the **IOSS portal** of any EU Member State **from 1 April 2021**.
- ☐ If your business is not based in the EU, you will need to **appoint an EU-established intermediary to fulfil your VAT obligations** under IOSS.
- ☐ Your IOSS registration is valid for all distance sales of imported goods made to buyers in the EU.

### What is an EU-established intermediary?

- ☐ An **intermediary is a taxable person established in the EU**.
- ☐ That person has to fulfil the obligations laid down in the IOSS, including the **declaration and payment of VAT** on the distance sales of imported goods.
- ☐ That intermediary will receive an **IOSS VAT identification number for each taxable person** for whom that intermediary is appointed.
- ☐ Taxable persons who are not established in the EU need to appoint an intermediary to be able to use the IOSS. Other taxable persons are free to appoint an intermediary but are not obliged to do so.

Source: [https://ec.europa.eu/taxation\\_customs/business/vat/ioss\\_en](https://ec.europa.eu/taxation_customs/business/vat/ioss_en)



# FAQ

## Part 3



### What do you need to do if you use the IOSS?

If you use IOSS you should do the following:

- ☐ **Show/display the amount of VAT to be paid by the buyer in the EU**, at the latest when the ordering process is finalized;
- ☐ Ensure the **collection of VAT from the buyer** on the supply of all eligible goods that have an EU Member State as their final destination;
- ☐ Make sure that eligible goods are shipped in consignments with a **value not exceeding EUR 150**;
- ☐ To the extent possible, **show on the invoice the price paid by the buyer in EUR**;
- ☐ Submit an **electronic monthly VAT return via the IOSS portal** of the Member State where you are registered for IOSS;
- ☐ Make a **monthly payment of the VAT declared in the VAT return** to the Member State where you are registered for IOSS;
- ☐ Keep **records of all eligible IOSS sales for 10 years**;
- ☐ Provide the information required for customs clearance in the EU, **including the IOSS VAT identification number**, to the person declaring the goods at the EU border.

# FAQ

## Part 4



### Are there any exceptions?

- ❑ You do not need to charge VAT on distance sales of imported goods in the following circumstances:
  - You sell several goods to the **same buyer** and these goods are shipped in a **package amounting to more than EUR 150**. These goods will be taxed at importation in the EU Member State as per standard/existing procedure.
  - Your distance sales of goods are facilitated by an **electronic interface such as a marketplace or platform**. In this situation, the electronic interface is responsible for the VAT due.

### When is an electronic interface liable for the VAT on distance sales of imported goods?

When an **electronic interface facilitates the distance sales of imported goods made by a seller** and the goods are:

- Dispatched or transported from outside of the EU at the time they are sold;
- Dispatched or transported in consignments with a value not exceeding EUR 150;
- Not subject to excise duties (typically applied to alcohol or tobacco products).

The electronic interface is considered to have facilitated the distance sale(s) of imported goods when it **allows a buyer and a seller to enter into contact via that electronic interface**, where the **end result is the sale of goods to that buyer**.

In those cases, the electronic interface shall be responsible for the collection of VAT (and payment to EU Authorities), and other IOSS-related obligations.

In addition, the electronic interface **collaborate with the actual seller of the good(s)** to ensure that the information required for customs clearance in the EU, including the IOSS VAT identification number, reaches the EU customs where the goods will be imported to.

Source: [https://ec.europa.eu/taxation\\_customs/business/vat/ioss\\_en](https://ec.europa.eu/taxation_customs/business/vat/ioss_en)

A woman in a dark blue uniform is working in a warehouse. She is surrounded by stacks of cardboard boxes and shelves filled with more boxes. A sign on the right says "KEEP THIS AREA CLEAN".

# **IOSS Key Takeaway**



# Key Takeaways



## Key Takeaways

- ❑ From July 1<sup>st</sup> 2021, **ALL goods imported to the EU will be subject to VAT**, i.e. the current VAT exemption for importation of goods up to EUR22 will be removed.
- ❑ Different **VAT collection possibilities** available for **B2C shipments up to EUR 150**:
  - **with IOSS (for B2C only)** – introduces an **IOSS** (Import One-Stop Shop) **VAT collection model** with the **VAT to be collected by the seller** at the moment of purchase **for B2C shipments**.
  - Companies from outside the EU with no EU representation (i.e. not established in the EU) **must assign an intermediary (tax representative)** to deal with EU VAT compliance on their behalf, i.e. to pay the VAT amount to the EU Tax Authority (via a monthly VAT return).
  - **Key Advantage: ONE Single EU VAT Registration** (covering all the 27 EU countries), different than current setup, which requires 1 VAT registration for each EU country in case of DDP.
  - **without IOSS (for B2C or B2B)** – same as current process in place for shipments above EUR22 (where either **the Express Supplier pays VAT to Authorities upon import** and then charges the customer (as per Express Supplier's Billing Service selected, e.g., **DTP Billing Service**), **or** the **customer pays VAT directly to Authorities** with its own deferment account).
- ❑ From July 1<sup>st</sup>, 2021, **ALL shipments imported to the EU will require a FORMAL Customs Declaration** – and to successfully clear your shipments with Customs Authorities, it's essential that you provide **complete & accurate Commercial/Pro Forma Invoice DATA electronically** to The Express Supplier.

# Key Takeaways



KEY  
TAKEAWAYS

## Please see following links for further information:

- ❑ **Opens to a page about IOSS, and a VAT solution designed for the eCommerce sellers:** <https://www2.deloitte.com/uk/en/pages/tax/solutions/ioss.html> :
- ❑ **Royal Mail helping you get ready for the EU's Vat e-commerce changes on the 1<sup>st</sup> of July 2021:** <https://www.royalmail.com/import-one-stop-shop-ioss>
- ❑ **Taxamo Assure provides a simple on demand Vat service for import of low value goods to the EU:** <https://www.taxamo.com/taxamo-assure-rmg/pricing>
- ❑ **Hurricane Commerce is the data partner for postal operators, online retailers, eCommerce platforms and carriers:** <https://hurricanecommerce.com/>





Thank you  
for your  
time.

For further information, please  
do not hesitate to contact us.

[sales@sprintlogistics.com](mailto:sales@sprintlogistics.com)

+44 (0) 208 751 1111



Making E-Commerce Flow

