



What is changing?

From 1 July 2021, the VAT rules on cross-border business-to-consumer (B2C) e-commerce activities will change. The rationale for these changes is to overcome the barriers to cross-border online sales and address challenges arising from the VAT regimes for distance sales of goods and for the importation of low value consignments.

Why change the rules?

These new rules will:

Ensure that VAT is paid where consumption of goods and services takes place;

Create a uniform and transparent VAT system for cross-border supplies of goods and services;

Re-establish fair competition between European and foreign e-commerce market players, as well as between e-commerce and traditional shops;

Offer businesses a simple and uniform system to declare and pay their VAT in the EU via the VAT One Stop Shop/Import One Stop Shop.

VAT

Exemptions

The VAT exemption at importation of small consignments of a value up to EUR 22 will be removed. This means all goods imported in the EU will now be subject to VAT.

A new special scheme for distance sales of low goods imported from third territories or third countries will be created. The [Import One Stop Shop \(IOSS\)](#) has been created to simplify the declaration and payment of VAT.

If the goods are present in the EU

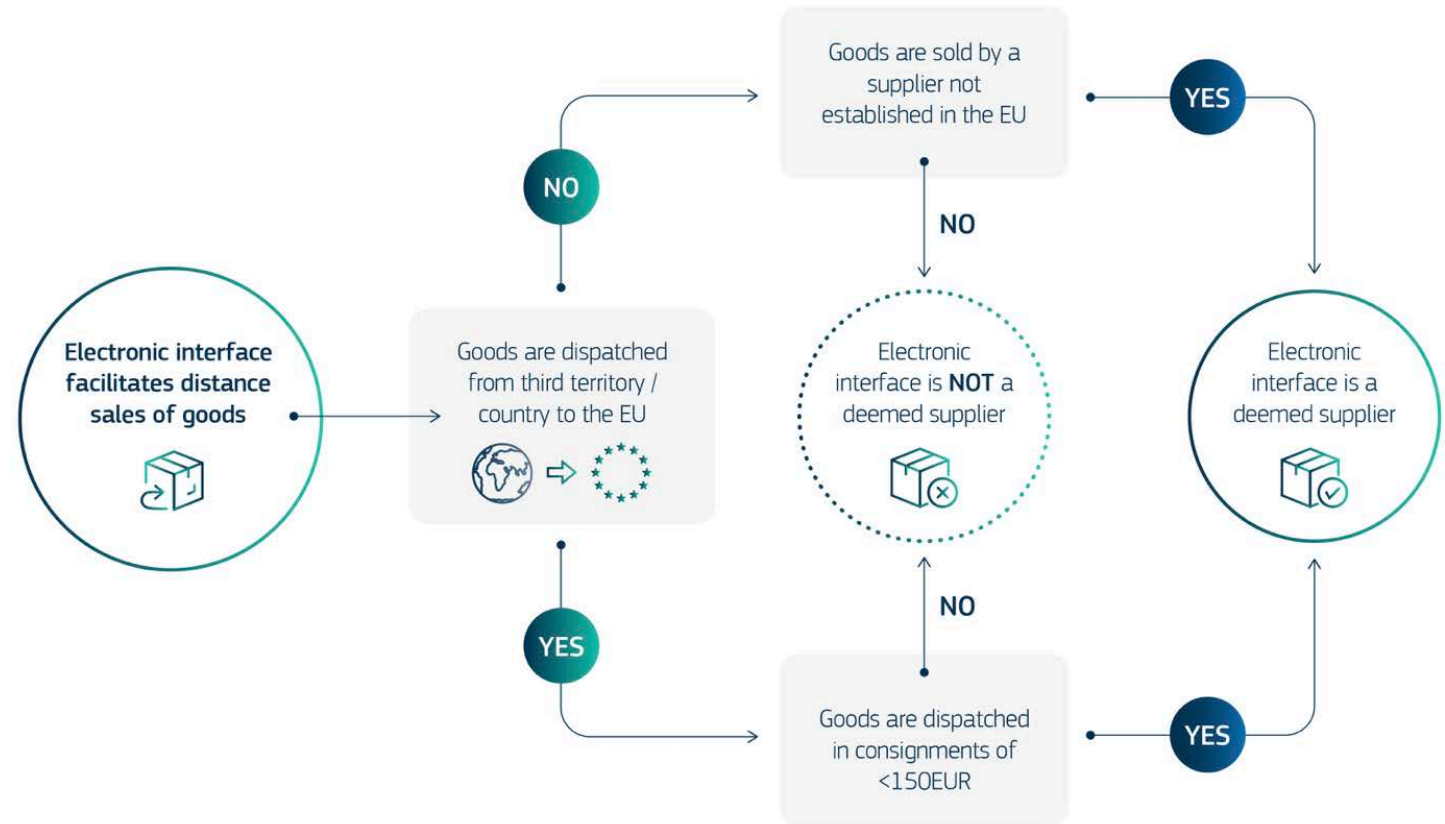
Online sellers, including online marketplaces/platforms can register in one EU Member State and this will be valid for the declaration and payment of VAT on all distance sales of goods and cross-border supplies of services to customers within the EU.

They will benefit from a reduction in red tape of up to 95% by registering with the new [One Stop Shop \(OSS\)](#).

If goods are from outside the EU

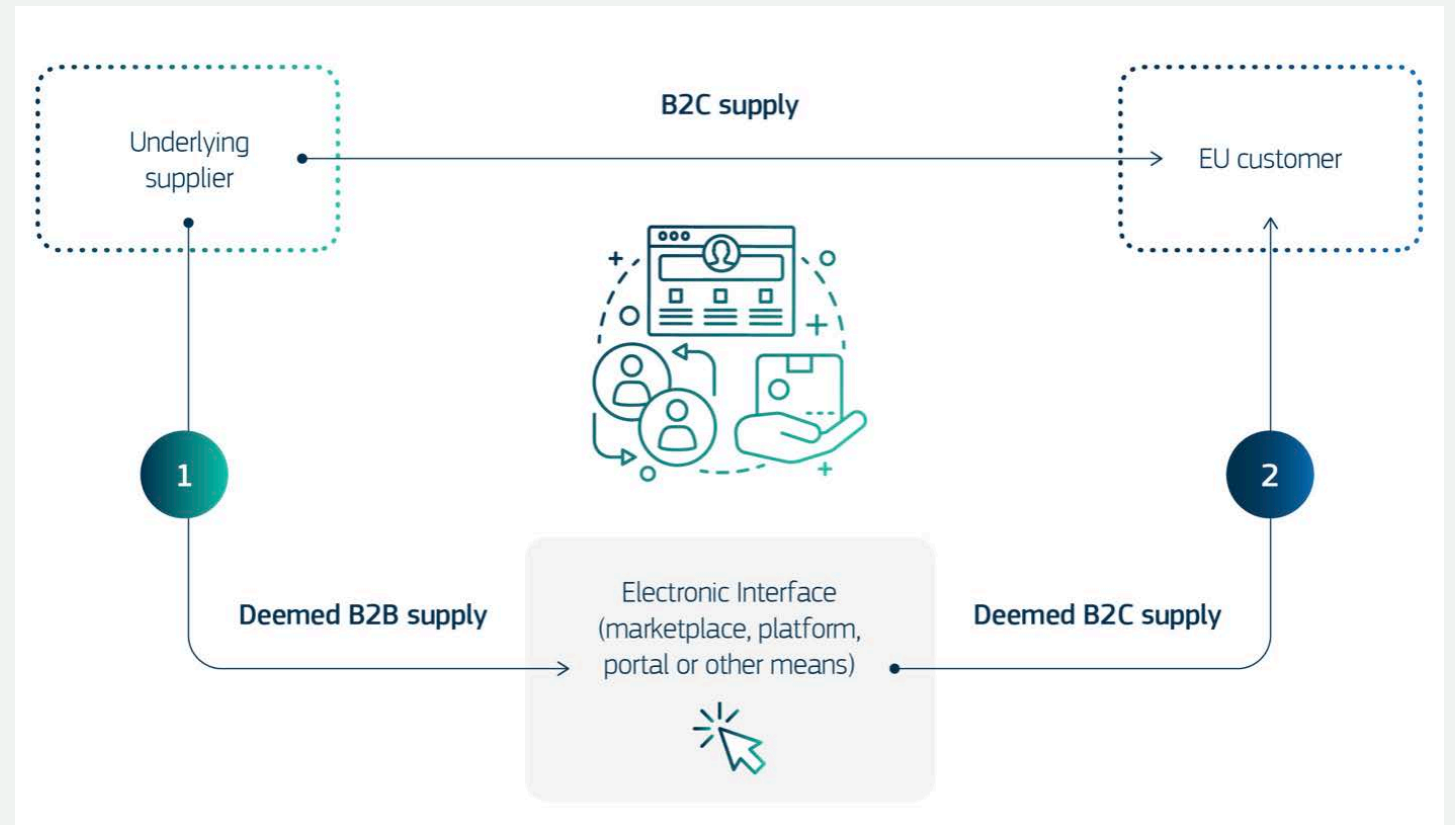
Simplification measures for distance sales of imported goods in consignments not exceeding EUR 150 will be introduced, in case the [IOSS](#) is not used (**special arrangements**).

Electronic Interface / Deemed supplier



What does the “deemed supplier” mean in practice?

The result of the above-described deemed supplier model is that the electronic interface are treated for VAT purposes as if it is the actual supplier of the goods and will be liable to account for VAT on these sales. In other words, the electronic interface facilitating the sale is considered to have received and supplied the goods. This means that the sale from the supplier (the so-called underlying supplier) selling goods via an electronic interface to the final consumer is split into two supplies, as shown on the below figure.



Our Customers

the three big challenges



CALCULATION



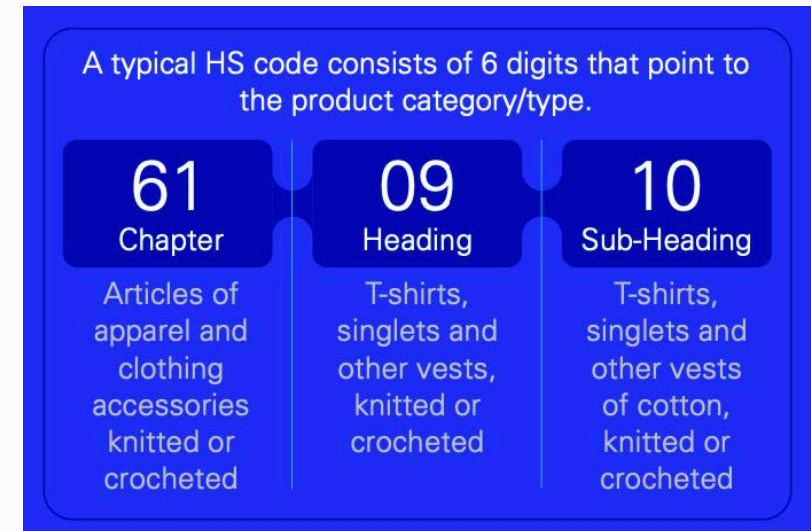
COLLECTION



PAYMENT

Calculation

The Harmonised System code system is a set of uniform, internationally recognised codes used to identify products for import purposes. Customs authorities require HS codes on the documentation to clear imported products. The correct HS codes help determining tax and tariff rules that may apply for importing the products and equally important, prevent importing products that are banned due to import restrictions.



CALCULATION

Member State	Reduced Rate (%)	Standard Rate (%)	Member State	Reduced Rate (%)	Standard Rate (%)
Belgium	6 / 12	21	Latvia	5 / 12	21
Bulgaria	9	20	Lithuania	5 / 9	21
Czechia	10 / 15	21	Luxembourg	3 / 8 / 14	17
Denmark	–	25	Hungary	5 / 18	27
Germany	7	19	Malta	5 / 7	18
Estonia	9	20	Netherlands	9	21
Ireland	4,8 / 9 / 13,5	23	Austria	10 / 13	20
Greece	6 / 13	24	Poland	5 / 8	23
Spain	4 / 10	21	Portugal	6 / 13	23
France	2,1 / 5,5 / 10	20	Romania	5 / 9	19
Croatia	5 / 13	25	Slovenia	5 / 9,5	22
Italy	4 / 5 / 10	22	Slovakia	10	20
Cyprus	5 / 9	19	Finland	10 / 14	24
Sweden	6 / 12	25			

Collection

Retailers:

Need to at CHECK OUT

Apply the tax to the transaction to collect it from the buyer.



Payment!
3 Options:



IOSS / OSS



SPECIAL ARRANGEMENTS



COLLECTION UPON
DELIVERY.....,

Postal operators and couriers

(This information is also of relevant for freight forwarders, logistic service providers and customs agents.)

The huge rise in e-commerce and distance sales of goods has seen the roles and responsibilities of postal operators change drastically, if nothing else due to the sheer volume of purchases consumers are now making online.

Due to the boom in online shopping, EU governments are losing out on an estimated EUR 7 billion in public revenue annually as currently low value goods are exempt from VAT on importation into the EU. Moreover, a similar exemption is not available for sales of low value goods within the EU. To address these different VAT regimes and to overcome the barriers to cross-border online sales, these rules are now being modernised.

What do Postal Operators and Couriers need to do?

When registering to the IOSS, online sellers or online marketplaces/platforms receive an IOSS VAT number. This IOSS VAT number is used by postal operators and courier services to declare goods upon importation to the customs authorities. They can do so in any Member State regardless of the destination of the goods. Customs authorities verify the validity of the IOSS VAT number and then the package can be delivered to the customer. Nothing simpler than that!

Our Responsibilities

As key players in the transport and distribution of goods we are in the frontline for declaring the goods to customs. We must Get informed and advise, and where possible offer solutions to our customers on how to adapt to the new process.

The APP Office

We have run 5 workshops in the last 4 months

We have presented solutions from solution providers

We have evaluated the solutions and offered our members advice and information.

More information is available on the APP website at

www.app.coop

(as well as recordings of all our APP on-line events at)

[APP Multimedia centre](#)

We are here to assist all APP members please get in touch for more information gary.carroll@app.coop