

# E-commerce VAT Factsheet

The government enforced lockdowns and subsequent prolonged closure of in-store retail has caused many UK businesses to diversify their business into the field of E-commerce.

## Background

The implementation of the EU–UK Trade and Cooperation Agreement (TCA) has changed the rules regarding VAT for products traded between the UK and EU via the internet. Many businesses have therefore required guidance in navigating these changes and help understanding how best to handle VAT obligations when trading with countries in the European Union.

This factsheet will take a look at some of the commonly asked questions our advisors had to handle relating to VAT and E-commerce. From July 1st 2021 more changes will come into play including the end of the VAT exemption on the importation of low-value goods, the introduction of the EU's Import One Stop Shop (IOSS) and the changing VAT obligations of electronic interfaces involved in the transaction of goods.

This guide is designed to provide helpful background information on these key issues, as well as signposting towards useful sources of detailed information and organisations that can provide focussed support to businesses.

## Commonly Asked Questions

### 1. How do you register for VAT in each EU country?

Find out how to register for VAT in EU countries on the European Commission website [https://ec.europa.eu/taxation\\_customs/business/vat/eu-country-specific-information-vat\\_en](https://ec.europa.eu/taxation_customs/business/vat/eu-country-specific-information-vat_en)

## **2. How would VAT apply if we sell from the UK but manufacture and send directly from a third party manufacturer in the EU?**

This would require the company to provide a VAT registration where the manufacturer is based, specialist consultants such as SimplyVAT can help advise you through this process <https://simplyvat.com/contact>

## **3. What is the Import One Stop Shop (IOSS)?**

Starting 1st July 2021, the VAT exemption on the importation of low-value goods (up to EUR22) will be abolished across the European Union. This means that businesses will need to charge VAT on all commercial goods imported in the EU from that point. More useful information regarding the changes coming in to play from the 1st July is available at <https://simplyvat.com/new-ecommerce-rules-for-imported-goods>

The IOSS is an electronic scheme being put together by EU tax authorities to allow for ecommerce businesses to report and pay the VAT due on the goods they import in consignments of a value up to EUR 150. More information regarding the advantages of using IOSS is available via the European Commission website at [https://ec.europa.eu/taxation\\_customs/business/vat/ioss\\_en](https://ec.europa.eu/taxation_customs/business/vat/ioss_en)

## **4. With the IOSS, do you need to be registered for VAT in the country where the goods are warehoused or can it be anywhere within the EU?**

IOSS is only for imports for low valued consignments with a value less than EUR 150. Once IOSS comes into force from 1st July, you will only need one IOSS registration where importing into for your low value goods. If you are using a warehouse in an EU country, you will need a local VAT registration where goods are held, then you can also apply for the OSS registration to cover distance sales of goods to private customers across the EU.

If a business requires more in-depth support on matters relating to VAT obligations for E-commerce, then they may like to consult a specialist consultant. Avalara are offering an end-to-end IOSS solution. For more details and how to sign up, visit [www.avalara.com/eu/en/get-started/ioss.html?campaignid=7015a000001SfAqAAK](http://www.avalara.com/eu/en/get-started/ioss.html?campaignid=7015a000001SfAqAAK)

## 5. What about consignments over €150, and how will the VAT obligations for online marketplaces change from 1st July?

Useful information regarding VAT obligations can be found on the following KPMG presentation slides titled 'Retail VAT & Duty Masterclass 2021'. The table on slide 26 provides several different hypothetical examples to help businesses understand the implications of these changes

<https://assets.kpmg/content/dam/kpmg/uk/pdf/2021/05/retail-vat-and-duty-masterclass-2021.pdf>

For a more comprehensive reading of the E-commerce tax rules and navigating the One Stop Shop (OSS) see the European Commission's guide, entitled 'Guide to the VAT One Stop Shop' available here

[https://ec.europa.eu/taxation\\_customs/sites/default/files/oss\\_guidelines\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/default/files/oss_guidelines_en.pdf)

## Useful Sources

### Various useful gov.uk sites

[www.gov.uk/government/publications/eu-e-commerce-package/eu-vat-e-commerce-package](https://www.gov.uk/government/publications/eu-e-commerce-package/eu-vat-e-commerce-package)

### EU Commission useful links

[https://ec.europa.eu/taxation\\_customs/business/vat/eu-country-specific-information-vat\\_en](https://ec.europa.eu/taxation_customs/business/vat/eu-country-specific-information-vat_en)

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

### Simply VAT

<https://simplyvat.com/new-ecommerce-rules-for-imported-goods>

## Further Support & Information

Department for International Trade (DIT) – a regional network of international trade advisers (ITAs) assist small and mid-sized companies in a wide range of business sectors. ITAs can provide assistance with any EU transition related issues and are supported by the DIT’s range of products and services and DITs worldwide network of over 1,400 staff based in 108 countries.

### Contact DIT South East to find out more

URL: <https://www.great.gov.uk/contact/office-finder>

T: 0330 300 012

E: [info@tradesoutheast.co.uk](mailto:info@tradesoutheast.co.uk)

### International Trade Matters

URL: <https://internationaltradematters.com>

T: +44 (0) 1398 332881 or +44 (0) 7734 366855

E: [info@internationaltradematters.com](mailto:info@internationaltradematters.com)

### Institute of Export Helpline

URL: <https://www.export.org.uk>

T: +44(0)1733 404400

E: [institute@export.org.uk](mailto:institute@export.org.uk)

### SimplyVAT

URL: <https://simplyvat.com/contact>

T: +44 (0)1273 634594

E: [heretohelp@simplyvat.com](mailto:heretohelp@simplyvat.com)

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