



SimplyVAT%

EU VAT FOR ECOMMERCE

The complete guide to
B2C VAT in the EU



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Since the 1st of July 2021, Businesses selling to EU customers have had to charge VAT in the Member State where their customers are located.

For EU-based businesses whose yearly turnover of cross-border sales of goods and e-services is below the EU-wide limit of €10,000, the VAT is charged in the country of departure. This EU-wide threshold replaced the country-specific distance selling thresholds, to ensure VAT is due where the customers are located as a general rule (except for EU-based micro-businesses).

This eBook will help you understand your tax obligations and compliance options when selling into the EU - no matter where your business is based.



THE ONE STOP SHOP SCHEME (OSS)

The One-Stop Shop is an optional scheme that acts as an alternative to registering for VAT in multiple EU states. It only covers B2C (Business to Consumer), cross-border sales of goods and services. The scheme makes accounting and filing for VAT across the EU much simpler, but you will not be able to offset any input VAT through OSS. When deciding whether to opt for OSS, consider whether you wish to be able to deduct the VAT incurred on purchases on your return.

OSS VAT returns are in addition to any domestic VAT returns or additional reporting required for other types of supplies.

Registering for OSS

If your business is based in the EU, you will need to register for OSS in the country where your business is registered. If your business is outside of the EU, you can register for OSS in the EU state where you hold stock, but choose where to register to record your supply of services.

B2C Services

The OSS scheme to use for services will depend on where you are established as a business. EU-based businesses can report their cross-border B2C services on the Union-OSS. Non-EU businesses can choose where to register for the non-Union OSS and can join the scheme without the need for an intermediary.

THE IMPORT ONE STOP SHOP SCHEME (IOSS)

Import One-Stop Shop (IOSS) is a scheme allowing businesses (including online marketplaces) to report the import VAT due on their B2C sales of goods imported into the EU with a consignment value not exceeding €150. EU-based businesses can register on the IOSS directly with the tax authorities of the Member State where they are established. Non-EU businesses must appoint an EU-based intermediary to register for IOSS.

How does it work in Practice?

When you have signed up to IOSS you will need to charge EU customers VAT on orders with an intrinsic value of up to €150, provided the items are shipped in the same parcel. The VAT rate is determined by the location of your customer (and therefore where the goods are being shipped). Qualifying consignments will then be imported into the EU import VAT and duty exempt (as the VAT would have already been paid at checkout by the buyer) and fast-released through customs. You will have to submit a monthly IOSS return and make a monthly payment of the VAT collected from EU consumers.

IOSS makes VAT compliance on distance sales of imported goods into the EU simpler and gives your EU customers greater transparency on prices. They will know exactly how much they are paying and can order with confidence that there will be no additional charges.





Union-OSS	Non-Union OSS	IOSS
<p>B2C Intra-EU distance sales of goods by EU and non-EU businesses.</p> <p>B2C cross-border supplies of all services by businesses based in the EU.</p>	<p>All B2C supplies of services by a business established outside of the EU.</p>	<p>Distance sales of goods to EU consumers when the goods are imported in consignments with an intrinsic value of €150 or less, irrespective of where the seller is based.</p>





INTRINSIC VALUE

The Definition

From Article 1(48) of the UCC-DA:

“intrinsic value means: (a) for commercial goods: the price of the goods themselves when sold for export to the customs territory of the Union, excluding transport and insurance costs, unless they are included in the price and not separately indicated on the invoice, and any other taxes and charges as ascertainable by the customs authorities from any relevant document(s); (b) for goods of a non-commercial nature: the price which would have been paid for the goods themselves if they were sold for export to the customs territory of the Union;”

The intrinsic value is the price of the goods themselves when they are purchased by an EU customer.

This value excludes shipping and insurance costs unless these are included in the price of the goods, and not displayed separately. Any other charges and taxes are also excluded from the value calculation.

For example:

A retailer charging French Standard Rate VAT (20%): Intrinsic Value of €140 (VAT excluded and no other costs provided)

Item No.	Product	Price	VAT	Total
1	Winter Coat	€140	€28	€168

Intrinsic Value of €140 (VAT and shipping costs seperate)

Item No.	Product	Price	VAT	Total
1	Winter Coat	€140	€28	€168
2	Shipping Fee	€15	€3	€18

Intrinsic Value of €140 (VAT and shipping costs separate)

Item No.	Product	Price	VAT	Total
1	Winter Coat	€120	€24	€144
2	T-Shirt	€20	€4	€24
3	Shipping Fee	€15	€3	€18



IOSS ALTERNATIVES

There are two main alternatives to IOSS when you're selling orders with an intrinsic value over €150: Delivery Duty Paid (DDP) and Delivery at Place (DAP).

Delivery Duty Paid (DDP)

When selling goods into the EU through DDP, you are the Importer of Record and therefore responsible for transporting the goods, the import documentation, and all associated costs.

You collect VAT from your customer at the point of sale and ship the goods. When they reach the border, your carrier will pay the VAT due on your behalf. Your customers receive the goods with no additional charges to them, and your carrier will bill you for the VAT (usually plus a handling fee). You will still need to be registered for VAT in the destination country.

Delivered at Place (DAP)

Under DAP (formerly DDU - Delivered Duty Unpaid), your customer is the Importer of Record and takes on the responsibility for all the fees associated with importing their purchase. When the goods reach the border, your customer is notified that they must pay the VAT and any other charges. The goods are not released until the customer has paid.





	DDP	DAP
Pros	<ul style="list-style-type: none">• No surprise charges to the customer and quick customs clearance make for a good customer experience	<ul style="list-style-type: none">• The seller does not have to collect or report VAT• The seller isn't responsible for any other Duties or fees
Cons	<ul style="list-style-type: none">• Risk to the seller is higher as they are responsible for all costs• Seller will need to raise prices to cover the cost of VAT and Duty• Can be cost-ineffective for low-value orders and expensive for large numbers of parcels.• If goods are returned it can be difficult to obtain a VAT refund	<ul style="list-style-type: none">• Customers will hesitate to purchase without certainty over the final cost to themselves• Risk of customer refusing to pay VAT and Duty and goods being returned to the seller



EU BASED BUSINESSES

If your business is based in the EU, you will need to account for VAT regardless of whether you sell on a marketplace (such as Amazon) or your own website.

You'll need to register for the One-Stop Shop (OSS) scheme if your total sales to EU-based customers surpass €10,000. This threshold only applies, however, if you don't have stock in more than one country.

It isn't possible to backdate sales on the OSS scheme.

Yearly Sales < €10,000	Yearly Sales > €10,000
All sales are subject to the VAT rate of the country where your business is registered.	OSS Registration Required. Sales are subject to your customer's local VAT rate.

For Example:

Your business is based in Ireland and achieved sales of €8000 in 2023. You only have stock in Ireland, but have customers all over the EU. You don't have to register for OSS. Irish VAT rates apply to your sales, which you'll declare on your Irish VAT return.

You decide to expand operations for 2024 and store some stock in France. Now, you need to apply for OSS in Ireland and register for VAT in France. When you get your registration, you'll begin charging the VAT rate of the country where your customer is located, regardless of where in the EU the goods came from. All your sales to EU customers will be declared on OSS, except those to customers based in states where you have a VAT registration (Ireland and France). These will be declared on your local VAT return.



NON-EU BASED BUSINESSES

Selling From Your Own Website

If your business is based outside the EU, you will need to account for VAT yourself if you are selling through your own website. If you are importing goods into the EU you will need to either register for IOSS or for VAT in every EU state you have a customer, regardless of the volume of your sales.

If your consignments are under €150, you only need to register for IOSS. Orders over this value will require you to either register for VAT in the country your customer is based in or make the customer the Importer of Record (IOR) and pass any import charges to them.

For Example:

Your business is based in the USA, and your consignments to EU customers do not exceed €100. Orders are sent from the US directly to the consumer in the EU. You sell on your own website and so have registered for IOSS and will apply the VAT rate local to your customers to your sales. You will report the VAT on your IOSS return and therefore do not need to register for VAT in an EU state. If you decide to allow orders over €150 to EU customers, you will need to either register for VAT in the countries where your customers are based or make your EU customer the IOR and pass any import charges on to them.





Stock in EU States sent to EU customers

No sales threshold for OSS registration
All sales taxable the rate local to the customer

OSS in the EU Member State
where your stock is held

VAT registration in every
country where you have
stock or customers

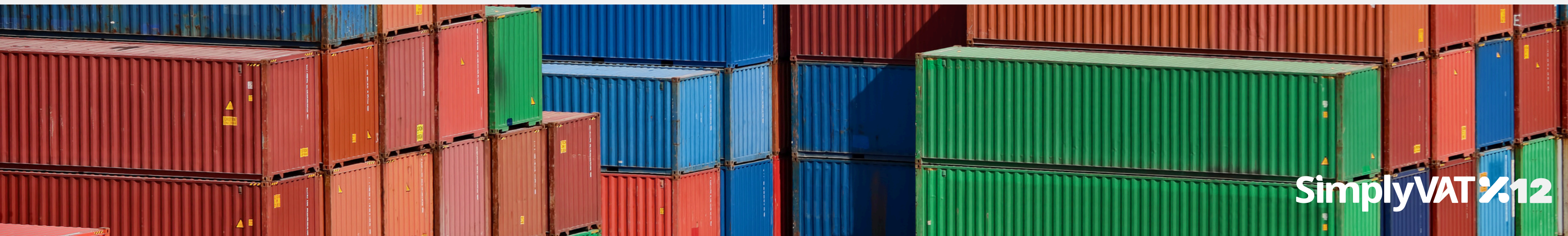
Stock from Non-EU States sent to EU customers

Consignment
under €150

Consignment over €150

IOSS

VAT registration in every
country where you have
customers



Selling From Online Marketplaces

Since July 2021, online marketplaces such as Amazon have, in specific cases, been responsible for collecting VAT at point of sale and reporting to the relevant authorities on your behalf.

This change was made to ensure goods are no longer sold VAT-exempt by overseas traders and applies when the marketplace facilitates the following supplies:

- Distance sales of goods imported into the EU with a value of up to €150
- Supply of goods to EU consumers when the goods are already located within the EU and the seller is based outside the EU, irrespective of the value of the goods

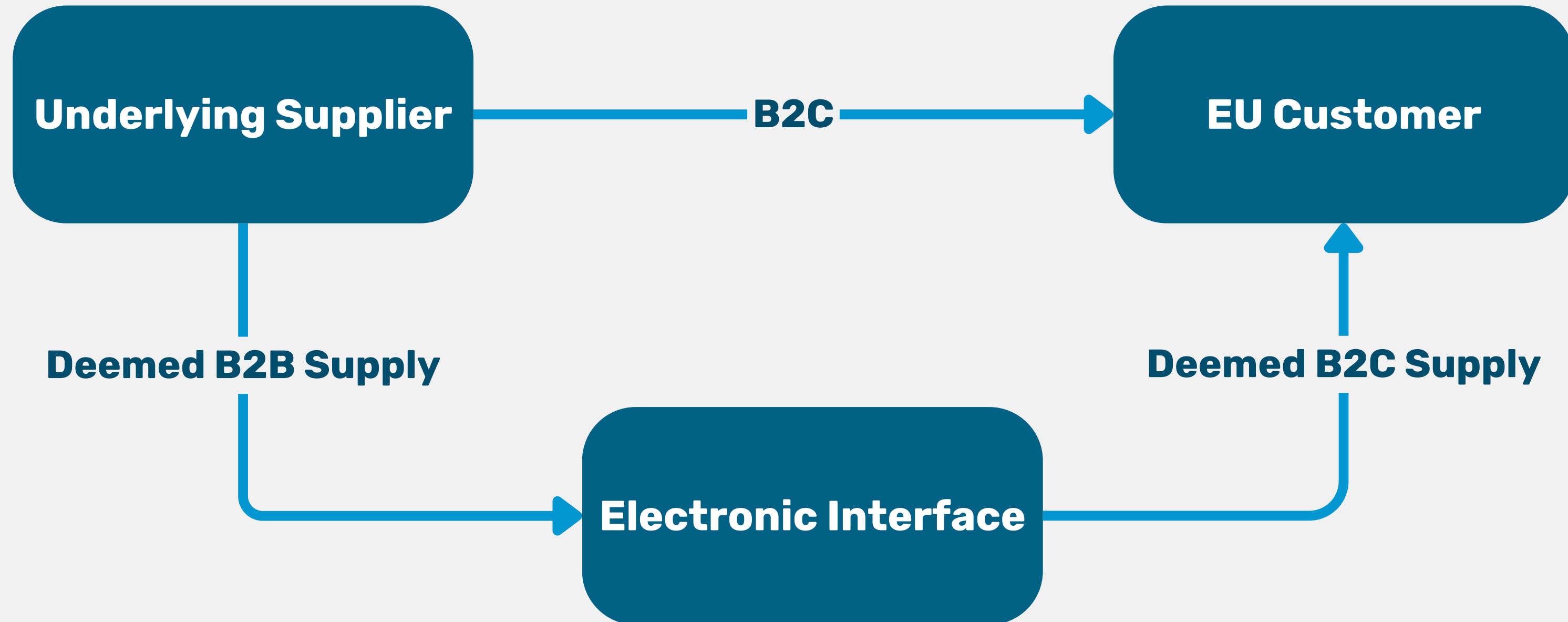
How Does This Work in Practice?

The liability to collect the VAT moves from you to the marketplace, and you will be deemed to be making a zero-rated supply to the marketplace. For VAT purposes, the marketplace will be considered the actual supplier of the goods and will become the 'deemed supplier'.

What was a direct supply from you, the seller, to the consumer is now a B2B supply between your business and the marketplace, and then a B2C supply from the marketplace to the consumer.



THE DEEMED SUPPLIER MODEL



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NOT SURE WHICH EU VAT SCHEME IS RIGHT FOR YOU?

Don't worry, we get it - VAT is complicated. The good news is we're here to make it simple. If you're not sure which scheme is right for your business, take our [30-second EU VAT quiz](#).

If you'd like to talk to a VAT expert about expanding into the EU, get in touch:

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