

Everything you need to know about

# THE IMPORT ONE-STOP SHOP (IOSS)



# Changes from 1 July 2021

Any business selling goods to consumers in the European Union (EU) will need to understand and implement major new VAT rules.

## The EU is removing the €22 VAT exemption for imports

From July, VAT will be charged on imports to the EU regardless of value. This means the exemption for goods valued up to €22 no longer applies.

## For goods valued up to €150, businesses can use the IOSS

When importing goods valued €150 or less, businesses will be able to charge VAT at the point of sale by using the EU's new Import One-Stop Shop (IOSS). This excludes goods subject to excise duty.

Alternatively, it can still be collected from the receiver, but the IOSS is designed to make the process smoother, helping to avoid unexpected customs and carrier admin fees for your customers.
















The rationale for the changes is to overcome the barriers to cross-border online sales and, in particular to address challenges that arise from the VAT regimes for:

- distance sales of goods
- the importation of low value consignments (goods with a value not exceeding €150)



# Removal of VAT threshold at €22 (De Minimis)

- From 1 July 2021, the value added tax (VAT) exemption for the importation of goods with a **value not exceeding €22** will be removed.
- As a result, **all goods imported to the EU will be subject to VAT**, with **different VAT collection possibilities** available, as follows:

GOODS VALUE	DUTIES		VAT	
	Until June 30 <sup>th</sup> 2021	As of July 1 <sup>st</sup> 2021	Until 30 <sup>th</sup> June 2021	As of July 1 <sup>st</sup> 2021
 ≤ €22	Exempted 	Exempted 	Exempted 	<b>Levied</b>  <i>(with IOSS for B2C, or Upon Import for B2C/B2B)</i>
 > €22 ≤ €150	Exempted 	Exempted 	<b>Levied</b>  <i>(Upon Import, Standard VAT Payment)</i>	<b>Levied</b>  <i>(with IOSS for B2C, or Upon Import for B2C/B2B)</i>
 > €150	<b>Levied</b>  <i>(Upon Import)</i>	<b>Levied</b>  <i>(Upon Import)</i>	<b>Levied</b>  <i>(Upon Import, Standard VAT Payment)</i>	<b>Levied</b>  <i>(Upon Import, Standard VAT Payment)</i>

# Import One-Stop Shop (IOSS)

The **Import One-Stop Shop (IOSS)** is the electronic portal businesses can use from 1 July 2021 to comply with their VAT e-commerce obligations on distance sales of imported goods.

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 €150.**

The IOSS also makes the process easier for the buyer, who is only charged at the time of purchase, and therefore does not face any surprise fees when the goods are delivered.

If the seller is not registered in the IOSS, the buyer must pay the VAT and usually a customs clearance fee charged by the transporter at the moment the goods are imported in the EU.

## Which supplies of goods does the IOSS cover?

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 €150
- not subject to excise duties (typically applied to alcohol or tobacco products)

## Key Benefits of IOSS

Benefits for "SELLERS"	Benefits for "BUYERS"
<ul style="list-style-type: none"><li>✓ <b>Customer Experience:</b> positive buyer experience by enabling the VAT cost transparency at the moment of purchase.</li><li>✓ <b>Single EU VAT Registration</b> (covering each of the 27 EU countries): different than current setup, which requires 1 VAT registration for each EU country in case of DDP.</li><li>✓ <b>Cash Flow:</b> monthly VAT payments done to EU Tax Authorities</li></ul>	<ul style="list-style-type: none"><li>✓ <b>Price Transparency:</b> visibility of the VAT amount at the time of purchase.</li><li>✓ <b>Ease of Payment:</b> VAT payment done directly when buying the goods online (at moment of purchase).</li><li>✓ <b>No Surprises:</b> no additional import VAT payments required prior to the receipt of goods, therefore less involvement required from buyer during clearance process.</li></ul>

# How does the IOSS work?

Retailers shipping goods from their home country to customers across the EU should now register to use IOSS to report all their pan-EU sales.

At the moment, retailers who wish to sell their products to a buyer in the EU need to apply VAT at the rate applicable in the EU country where the goods are to be delivered.

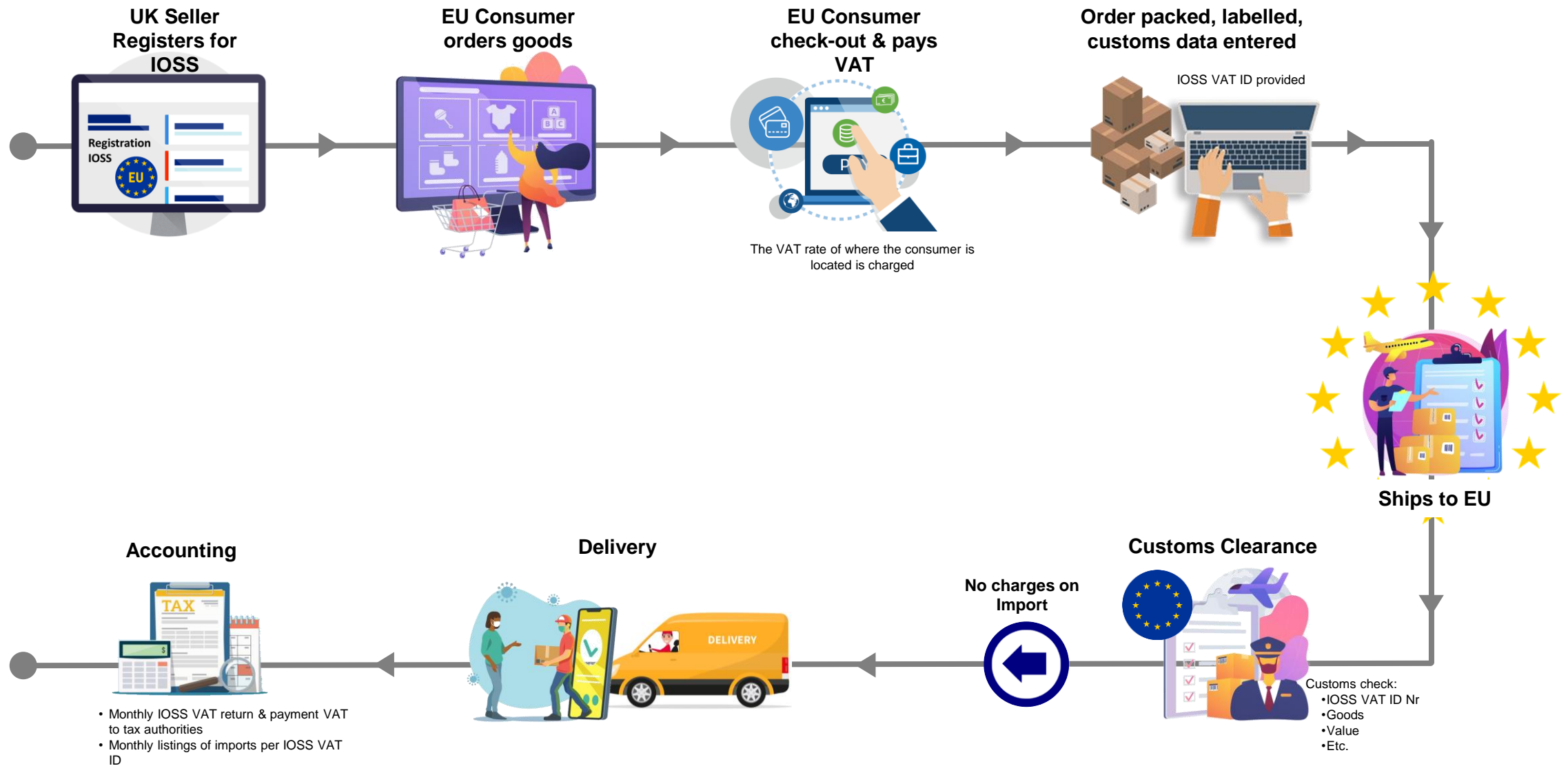
To do that, retailers need to be registered for VAT in each country they are sending their products to. When registered with the IOSS, EU sellers will be able to report all their EU sales on a single VAT return in their home country instead of having multiple VAT registrations across the EU.

Non-EU sellers will have to register for IOSS in just one EU state to declare the VAT on any affected imports on consignments below €150. This is known as the 'non-Union scheme'.

The IOSS will also make things easier for buyers, who are only charged at the time of purchase and can avoid extra fees when the goods are delivered. If the seller is not registered in the IOSS, the buyer has to pay the VAT and usually a customs clearance fee charged by the carrier.



# How does the IOSS work?



# IOSS Registration Process

## How can you register?

- 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 do you need to do if you use the IOSS?

A supplier or electronic interface or intermediary using the IOSS scheme should ensure the following in respect of VAT :

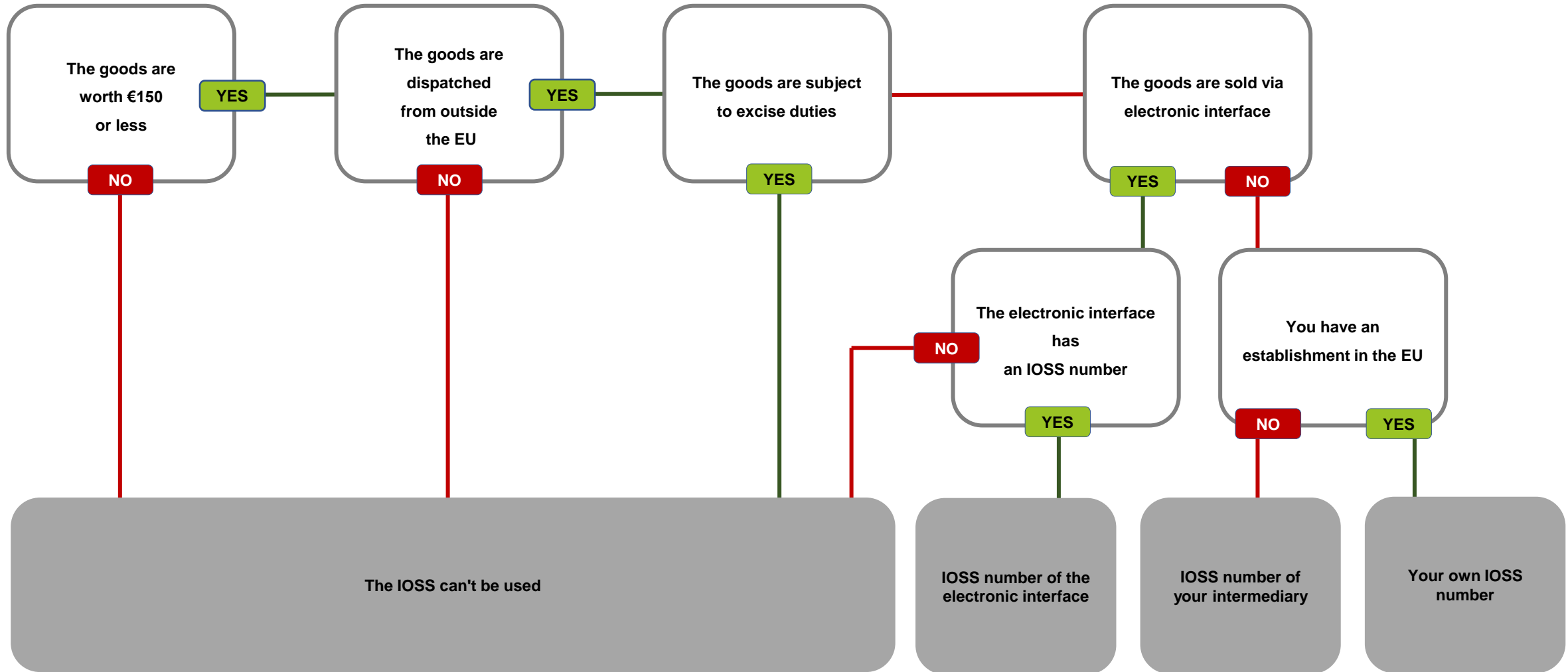
1. Display a price including VAT on its website
2. Collect the VAT amount when selling online
3. Check on the intrinsic value of the imported goods  $\leq$  €150
4. Mention the VAT on the invoice, distinguishing the different VAT rates (for each destination country)
5. Provide the customs declarant with the necessary information for customs clearance (including the IOSS VAT identification number)
6. Filing a monthly VAT declaration before the end of month M+1
7. Remit the VAT collected from the online sale before the end of month M+1
8. Keep records of all eligible IOSS distance sales of imported goods for 10 years to cater for possible audits by EU tax authorities. The information to be retained is that provided for in Article 63c(2) of the VAT Implementing Regulation

## What is an EU-established intermediary?

- An **intermediary** is a taxable person established in the EU.
- That person must 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.



# Which IOSS number to use?





# Other...

## 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
- 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 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 €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.

## What service would customers use - DDP service or DDU / DAP?

Using the IOSS correlates with the buyer using a DDP solution (they pay price & VAT at moment of purchase, with nothing more to pay at delivery); not using IOSS would align the buyer to use a DDU/DAP solution.



# 2021 European Union VAT rates

EU VAT is a tax on goods and services within the European Union (EU).

Here is the Standard VAT rates for the 27 member states;



Austria	20%	France	20%	Malta	18%
Belgium	21%	Germany	19%	Netherland	21%
Bulgaria	20%	Greece	24%	Poland	23%
Croatia	25%	Hungary	27%	Portugal	23%
Cyprus	19%	Ireland	23%	Romania	19%
Czech Republic	21%	Italy	22%	Slovakia	20%
Denmark	25%	Latvia	21%	Slovenia	22%
Estonia	20%	Lithuania	21%	Spain	21%
Finland	24%	Luxemburg	27%	Sweden	25%

The rates listed are full VAT rates, please be advised reduced VAT rates may be available for certain commodities

Note: IOSS does not support Norway, Switzerland, or the United Kingdom



# 2021 European Union VAT rates

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## SOURCES

- [IOSS | Taxation and Customs Union \(europa.eu\)](#)
- [https://www.useucs.com/wp-content/uploads/EU-Commission-Information-note\\_IOSS-2.pdf](https://www.useucs.com/wp-content/uploads/EU-Commission-Information-note_IOSS-2.pdf)