



EU VAT changes

What you need to know



Important information

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What we'll cover today

- 1 Why the changes are being made
- 2 Why they matter to you
- 3 An overview of the new rules
- 4 How they could affect your business
- 5 How they apply to key sales processes

A person is working on a laptop. In the foreground, there is a FedEx Express Small Box and some papers. The person is wearing a white top with a gold chain and a ring. The background is dark and out of focus.

How the EU VAT rules are changing

The three key VAT changes

1

The removal of
the €22 import
VAT exemption

2

Simpler ways to
charge and
account for VAT

3

Certain marketplaces
becoming responsible
for VAT

These changes take effect from July 1, 2021

Why the EU is making VAT changes

To promote
cross-border, B2C
e-commerce trade


To simplify
compliance burdens
for e-commerce
businesses

To ensure VAT is
properly collected

To ensure fair
competition
between EU and
non-EU sellers



Why the VAT changes matter to you

- They could affect all businesses
 - They mainly apply to B2C sales - both direct to customers and via marketplaces
 - They could simplify accounting processes and reduce administration
 - They could lead to more streamlined customs clearance processes
 - They could make cross-border transactions simpler for customers
 - They could give you a competitive advantage
- 
- A horizontal bar at the bottom of the slide with a gradient from dark purple on the left to orange on the right.

The three VAT changes explained



Removal of the €22 VAT exemption



Currently:

€22 ↓

Most EU countries allow consignments of €22 or less to be imported free of VAT



From July 1, 2021:

All imports

All imports into the EU will be subject to VAT

Simpler ways to charge and account for VAT

- The One-Stop Shop (OSS) is being introduced for EU businesses
- This allows a single, quarterly VAT filing for all intra-EU sales
- The EU is removing distance selling thresholds
- VAT must be charged from the first sale in an EU country, at the rate set in the customer's country of shipment

Simpler ways to charge and account for VAT

- The Import One-Stop Shop (IOSS) is being introduced
- The IOSS is for B2C consignments valued at €150 or below
- It allows VAT to be charged at the point of sale, not upon importation
- VAT is remitted in a single monthly IOSS return, in a nominated EU state
- If the IOSS is not used, VAT will be collected from the end-customer by FedEx
- EU businesses can also use the IOSS to import goods for sales to EU customers

“The IOSS is for
B2C consignments
valued at
€150 or below”

Certain marketplaces becoming responsible for VAT

- Marketplaces will be responsible for collecting and remitting VAT, rather than their sellers (in certain circumstances)
- In these circumstances, marketplaces will become the 'deemed supplier' of the goods



How the VAT changes affect your business

How the VAT changes affect your business

- The way you will be affected by the rule changes depends on many factors
- If you can use the IOSS, there could be benefits to doing so
- Customs procedures are more streamlined, with no import VAT to pay
- The buying process is more transparent for customers
- No unexpected costs for customers
- Potentially fewer returns to your business

“No unexpected costs for customers”

How the VAT changes affect your business

- The removal of distance selling thresholds will have an impact on most e-commerce businesses shipping within the EU
- From July 1, 2021, VAT must be charged at the rate set in the customer's country of shipment from the very first sale
- There is an exemption for businesses with total cross-border EU sales of under €10.000 a year
- These businesses can account for VAT on their domestic VAT return, and charge their domestic rate

**How the new
rules apply to key
sales processes**



How the new rules apply to key sales processes



How the new rules apply to key sales processes

Shipping from <u>inside</u> the EU			
Goods based within the EU	→ sell via own webshop	→ ship to intra-EU customers from your own country	→ OSS or register for VAT in each country
Goods based within the EU	→ sell via own webshop	→ ship to domestic customers from within their country	→ local VAT return
Seller based outside the EU	→ sell via marketplace	→ goods already located in EU	→ marketplace responsible for VAT for any value transaction
Seller based within the EU	→ sell via marketplace	→ goods shipped from within the EU	→ seller is responsible for VAT

How to use the IOSS



How to use the IOSS



- You must provide FedEx with your IOSS number (or that of your marketplace) every time you ship
- The IOSS number needs to be included on your Air Waybill
- When shipping with FedEx, you must use one of our automated solutions to prepare the Air Waybill



- If you do not include your IOSS number on the Air Waybill when you book your shipment, then VAT will be charged upon importation
- You cannot use manual Air Waybills if you are using the IOSS

How to use the IOSS

- VAT must be charged at the rate set in your customer's country
- You need to submit a monthly IOSS return, and monthly payment, in the country of your IOSS registration
- If you are established in the EU, this must be in a country you are established in
- If you are not established in the EU, you need to use a VAT intermediary and submit your returns where the intermediary is established

The KPMG IOSS solution



About KPMG

- KPMG is a leading provider of indirect tax compliance services
- Submits over 1 million indirect tax returns a year
- Has a dedicated team to provide VAT compliance solutions tailored to cross-border e-commerce sellers
- Has helped thousands of cross-border e-commerce sellers to manage VAT compliance



The KPMG IOSS solution

The KPMG IOSS solution can:



Help you to
obtain your
IOSS number



Prepare and submit
your monthly
IOSS returns



Provide essential
details about required
VAT payments



Handle and forward
notifications from
tax authorities

For more information
and to register, visit
kpmg-compliance.com



Final thoughts



Reminder:
These changes come into effect on **July 1, 2021.**
Please take any action you need to take now

For more information, visit fedex.com/euvatchanges