

Thank you for joining us.

The webinar will begin at 10am.

Any questions? Please write them in the chat section.

**For further information visit our events page;
<https://www.semlepgrowthhub.com/events/>**

Please note this webinar will be recorded to allow us to share via our website. If you have any queries, please contact Samantha.hunter@semlep.com



Selling B2C to Europe

VAT & the “One Stop Shop”

14 June 2021



Today's speakers



Tom Rathborn

Political and Economic Affairs



Alex Baulf

Indirect Tax



Kevin Wilson

Operational Advisory

Agenda

- Welcome and Introductions
- The Deal
- The One-Stop-Shop
 - What is it?
 - How does it work?
 - What do you need to do to benefit?
- Customs considerations
- Summary
- Q&A



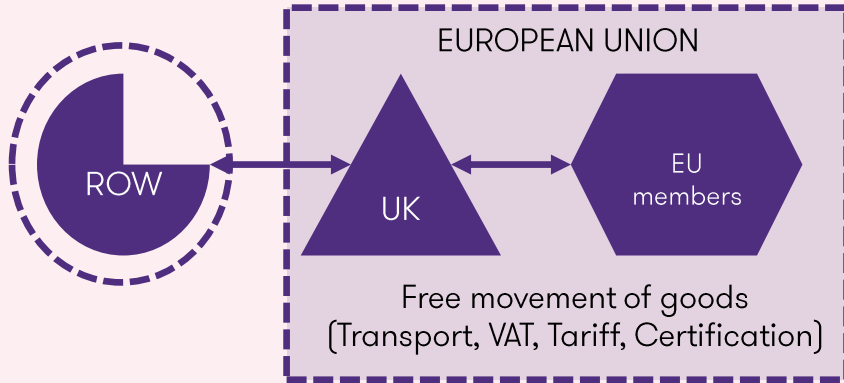
The Deal

Trade and Cooperation Agreement

The Trade and Cooperation Agreement

A significant change

2020 – Free movement of goods



2021 – Free trade agreement



----- Customs Border

The Trade and Cooperation Agreement Rhetoric Vs Reality



Business | Your Money | Market Data | Companies | Economy | Global Car Industry | Business of Sport

Brexit parcel price shock: 'I had to pay £30 for a gift'

By Lucy Hooker
Business reporter, BBC News
26 January

EU-UK post-Brexit trade deal

1. 'My model car cost £12 more'

Business | Your Money | Market Data | Companies | Economy | Global Car Industry | Business of Sport

Brexit: 'I was asked to pay an extra £82 for my £200 coat'

By Lora Jones, Catherine Snowdon & Howard Mustoe
BBC business reporters

21 January

Brexit

5. 'I was asked to pay £78 more for my £150 UK boots in France'

'I was charged an extra £123 for vo handicrafts'

4. 'Second-hand pottery on eBay was more expensive'

B2C EU sales

VAT considerations post-Brexit

EU VAT considerations

What has changed post-Brexit?

- All sales to EU customers from UK now UK 0% exports (don't charge UK VAT)
- Can no longer benefit from EU VAT distance selling rules
- Need to clear EU customs to get goods to customers
- Been difficult for UK suppliers to find optimum model and clarity from freight-agents/couriers



VAT considerations

Current position – Q1/Q2 2021

- Either UK seller or its customer (consumer) will need to **clear customs as consignee** - customs declarations will be required at EU border for goods coming from the UK.
- Where UK seller is the consignee/importer of record, it will then be making a local taxable supply in the member state where the goods are imported. For domestic sales in that member state, there is a nil threshold for non-established businesses.
- Where EU customer (consumer) is the consignee/importer of record, then they are responsible for paying for Import VAT (and sale is outside scope of EU VAT).

VAT Considerations

Commercial issues

But commercial considerations driving model used:

- **Customer experience** – risk of goods being stopped at border, or customer receiving request for payment of Import VAT
- **Customer returns** – if customer is importer, then Import VAT lost on returns
- **Duty saving** where individual consignments imports below EUR 150
- Level of customer returns (Import VAT @ 20% +) v level of duty (UK origin?)

VAT Considerations

Models to sell into EU post-Brexit

1. Customer is consignee (non-DDP)
2. UK supplier is consignee (DDP)
3. Hybrid – customer consignee but Import VAT pre-paid
4. Import One-Stop-Shop with effect 1 July 2021



Pre-paying Import VAT

Customer as consignee

- Customer is strictly speaking the importer of record (the consignee) but the goods are delivered Import VAT pre-paid
- Service offered by third party freight agents and parcel courier companies whereby they will act as the customs declarant and complete the import documentation in the name of the customer but pay the Import VAT on behalf of the end-customer at the border to the relevant European Customs
- VAT can't be “charged” at POS to the customer as the supply of goods is outside the scope of EU VAT as the supply is ordinarily treated as being made outside of the EU

Pre-paying Import VAT

Customer as consignee

- Any VAT collected from the customer is akin to a disbursement, collected by the supplier as agent for the customer to be paid on its behalf to tax authority
- However, in order to fund the VAT (and duty if applicable), the seller should be able to calculate and collect an amount equal to Import VAT/Customs duty to enable the freight agent to pay the Import VAT at the border and clear the goods
- The “VAT” amount payable to the freight agent represents a disbursement of Import VAT proper to the customer

From 1 July 2021

EU Import One-Stop-Shop ("IOSS")

“

From 1 July 2021, an optional scheme is to be introduced covering the distance selling of goods to EU member states with an intrinsic consignment value less than €150.

”

Import One-Stop-Shop IOSS Registration

- UK company can pick a Member State of Registration for the IOSS in any of the EU member states. Only one single IOSS registration required - ***IMxxxxyyyyyyyz***
- Ireland a popular choice due to language and geography
- But - current requirement to appoint and register via an “Intermediary” – a fiscal representative
- Intermediary jointly responsible for VAT obligations



Import One-Stop-Shop

How will it work?

- UK supplier will charge and collect VAT at the point of sale
- VAT rate based on customer's delivery address
- UK supplier (/intermediary) will declare and pay that VAT to the appropriate Member State via a 'Import One-Stop-Shop' (IOSS) return.
- This is an extension of the current MOSS for digital services
- A single return for all distance sales (or two if IOSS for imports and OSS for EU fulfilled distance sales)



Import One-Stop-Shop Logistics / Import



Under IOSS goods will benefit from a VAT exemption upon importation, allowing a fast release at customs (a “Green Channel”)



No further tax levied at border



IOSS registration number quoted on import declaration



Importance of clear communication with freight agent / courier company. Share IOSS registration number

Special arrangements

Agents/postal operators

- Special arrangements are being introduced for imports of consignments of goods below EUR 150 where IOSS not used
- Arrangements designed in particular for postal operators, express carriers or other customs agents in the EU who typically declare low value goods for importation
- VAT due on import will be collected from the customer by the operator and remitted to the tax authority



Import One-Stop-Shop Summary

- Consignments under EUR 150
- VAT charged at point of sale
- VAT based on customer's country
- Select a member state for I-OSS registration
- Requirement to appoint intermediary (a representative)
- One I-OSS return to be filed – quarterly electronically
- Single payment made
- **With only weeks to go ... not much specific detail at local EU country level / legislation.**



From 1 July 2021 EU One-Stop-Shop (OSS)

One-Stop-Shop

For distance selling within EU

- OSS is scheme for cross-border distance sales where goods fulfilled from an EU member state e.g. Netherlands
- Distance selling thresholds axed – non-EU supplier can't rely on any threshold. All cross-border sales are taxable and require registrations
- Suppliers established outside of the EU e.g. UK can use the “Union” OSS scheme to declare and pay VAT due on intra-EU distance sales of goods

One-Stop-Shop

- Goods will either be produced in the EU e.g. drop-shipped from manufacturer in Italy or in free circulation in the EU before the sale e.g. from 3PL warehouse in Netherlands
- Domestic supplies of goods in EU are not reported in OSS
- Continue to be reported in local VAT registration in member state where goods fulfilled from e.g. NL to NL

OSS

Registration

- No intermediary required! Can register direct with tax authority online
- Non-EU supplier must register in EU Member State where dispatch or the transport of the goods begins
- Where there is more than one Member State from which goods are dispatched or transported, supplier can choose any of those Member States as Member State of identification
- Bound by this choice for the current calendar year and the two following calendar years

Invoicing

- Currently intra-EU distance sales of goods require tax invoice to be issued
- Suppliers will continue to have to issue invoice if they do not use the OSS
- BUT - if registered for OSS do not need to issue an invoice for these supplies of goods
- If supplier chooses to issue an invoice - invoicing rules of the Member State in which the supplier is registered for the Union scheme (Member State of identification) will apply

Marketplaces

Special rules

- Concept of “deemed supplier” who facilitates the supply and is therefore, for VAT purposes (only) treated as the supplier
- Facilitates a supply of goods that is concluded between a supplier and a customer through the use of an electronic interface
- e.g. marketplace, platform, portal etc.



Customs considerations

Customs considerations

Impact of value

	Under €150	Over €150
IOSS <i>Import-One-Stop-Shop</i>	Yes	No
Simplified Import Customs Declarations	Yes	No
TCA <i>Trade and Cooperation Agreement</i>	N/A	Yes

[Customs formalities for low value consignments | Taxation and Customs Union \(europa.eu\)](#)

[New form of customs declaration for low value consignments | Taxation and Customs Union \(europa.eu\)](#)

[Online Sellers: Be Ready for EU VAT and Customs Changes \(bloombergtax.com\)](#)

[Helping you get ready for the EU's VAT e-commerce changes on 1 July 2021 | Royal Mail Group Ltd](#)

Customs considerations

Key points

- **If value €150 and under**
 - No duty (NB – check your goods not subject to restrictions/quotas)
 - Simplified declarations (about 1/3)
 - Origin not relevant for duty purposes
- **If value €150 and over**
 - Normal customs declarations
 - Origin under TCA matters or duty payable at import
- **Use of freight forwarder for entering reduced data set under IOSS**

What does it all mean?

E-Commerce changes & One Stop Shop(s)

New EU VAT rules changes include:



The extension of the Mini One Stop Shop (MOSS) to other B2C services and intra-community B2C distance sales of goods



Abolition of the existing distance selling thresholds



Special provisions for businesses operating online marketplace platforms. Referred to as 'deemed' suppliers and will be assumed to have both received and made the supplies that they are selling



A new special scheme for distance sales of goods (non-EU) where the goods are valued at EUR 150 or less (known as the Import One Stop Shop 'IOSS')



New measures for dealing with the distance sales of imported goods in other circumstances (where the IOSS is not used) and new record keeping requirements for online marketplaces

One-Stop-Shop

Summary

- IOSS for consignments under EUR 150 shipped from outside EU e.g. UK
 - VAT charged at point of sale
 - VAT based on customer's country
 - **Select a member state for I-OSS registration**
 - Requirement to **appoint intermediary** (a representative)
 - One I-OSS return to be filed – quarterly electronically
 - Single payment made
 - OSS for all goods B2C shipped from within EU
 - Register for OSS in member state where goods shipped from (if more than one – choose). No intermediary required
 - Systems and pricing changes
-
- **With only weeks to go ... not much specific detail at local EU country level / legislation.**



Q&A

With thanks to our partners at Grant Thornton for speaking today.

For further business support, if you would like to give any feedback or have any more questions please call or email the Growth Hub:

0300 01234 35
growthhub@semlep.com

Our next event will be 'Trading with the EU: Talk to the Experts'
An opportunity to for a 1:1 clinic with experts in their field from MAKEUK on an EU Exit topic of your choice.

To find out more and register your interest please visit;
<https://www.semlepgrowthhub.com/trading-with-the-eu-talk-to-the-experts/>



SEMLEP's
Growth Hub
Connected Business Support



[grantthornton.co.uk](https://www.grantthornton.co.uk)

© 2021 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.