

## New VAT E-commerce rules apply to EU and non-EU businesses

Today, 1 July 2021, new VAT rules for e-commerce sales to consumers (B2C) enter into force. Ecommerce Europe warmly welcomes such a milestone in the EU efforts to simplify VAT legislation and ensure a level-playing field for the European companies. Luca Cassetti, Secretary-General of Ecommerce Europe, has commented:

*“The new VAT E-commerce Package offers a great advantage for European e-merchants for two reasons. First of all, the new measures will prevent unfair trading practices from non-EU merchants because the €22 VAT exemption will be repealed, so VAT will be paid on all imported consignments regardless of their value. Ecommerce Europe has long advocated for a level-playing field between EU and non-EU companies. Secondly, these VAT reforms simplify the VAT obligations for B2C e-commerce sellers, introducing the possibility for some sellers to report all of their pan-EU sales via a single VAT registration in their home country. We expect that these reforms will boost cross-border online trade and promote the competitive advantages the EU’s Single Market has to offer.”*

The most relevant measures of the VAT E-commerce Package are:

1. Removal of the existing ‘Distance Selling Thresholds’ and extension of the VAT **One Stop Shop** system to e-commerce distance selling.
2. **Removal of the € 22 low-value import VAT exemption** and introduction of the Import One Stop Shop (IOSS) system. Marketplaces become the deemed supplier and VAT collector in certain cases.

As of 1 April 2021, VAT registration to the One-Stop Shop (OSS) and the parallel Import One-Stop Shop (IOSS) has been possible, but the system will be operational as of today, 1 July 2021. The (I)OSS aims to simplify the VAT obligations for online sellers and electronic interfaces (marketplaces), allowing for electronic VAT registration in just one Member State for all intra-EU distance sales and to declare and pay VAT in a single electronic quarterly return. Furthermore, special provisions and new record keeping requirements are introduced for marketplaces/platforms facilitating the supply of goods.

However, the use of OSS is optional and does not provide VAT registration relief for sellers holding stock in multiple Member States in order to be as close as possible to the consumers. In this context, e-merchants still have to maintain their foreign VAT registrations in very EU country where they are sending or holding stock. For this measure, the European Commission will publish a new legislative initiative to introduce a Single VAT ID. Ecommerce Europe has already published a [Position Paper](#) advocating for prioritising the proposal and extending the OSS to all transactions by remote sellers, including pan-EU inventory storage.

Ecommerce Europe is closely monitoring the work of the European Commission and the national administrations in ensuring that all IT portals are operational in time and that all European companies are aware of the important changes that will affect them.

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