

Ecommerce sellers located outside the EU

Ecommerce VAT changes in the EU

If you are a seller located outside the EU, then the forthcoming VAT changes for ecommerce in the EU will likely impact your business. B2C sales of low value parcels (up to €22 or the equivalent) imported into the EU will no longer be exempt from VAT. Instead, you may be required to account for VAT on such imports, or if you're selling on a marketplace then the VAT liability may be shifted to the marketplace operator. If you're selling goods B2C within the EU, then you or the marketplace operator needs to account for VAT in the EU country where the goods are shipped to (customer location). Simplifications will be introduced for registrations, compliance and invoicing. The changes will come into effect in 2021*. Prepare your business for these changes and get your data, systems and processes ready in time. A practical framework for the implementation is set out on the right hand side, ensuring a smooth customer experience and compliant model.

Assess changes and

implications

- Abolishment of low value thresholds for imports into the EU (VAT only) Simplified registration v local
- registrations & compliance
- Marketplace liability (see 2) Price display
- Invoicing; record keeping & retention

Marketplace sales

- VAT self-accounting (parcels > €150) v marketplace liability (parcels ≤ €150) for imports
- Marketplace liability for intra-EU sales
- Engage with postal operators on customs clearance process

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Registrations

- Obtain simplified (I)OSS registration(s)
- Local (de)registrations
- Appointment of fiscal representative
- Procedures for claiming foreign input tax credits / refunds
- Access to electronic tax authority portals

adjustments



- FOREX adjustments
- Price adjustments imports (e.g. transport, insurance costs, taxes)
- Product returns
- Payment reversals
- Credit notes

Accounting & billing systems



- Update blue print of supply chain to VAT accounting / reporting obligations
- Update tax coding and system logic (imports; marketplace sales; values)
- Status UK and Northern Ireland
- Update automated reports
- Invoice requirements

Master Data



- VAT rate classifications in product master data
- Assignment of commodity codes
 - Limitations reduced rates for imports
- Maintain VAT rate content
- Customs and excise duties
- Customer (ship-to) location

Post-transactional

Ongoing compliance

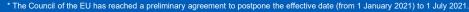
- Country reconciliations
- (I)OSS returns, Intrastat declarations
- SOP with fiscal representative
- Reporting frequencies and deadlines
- Claiming foreign input VAT / refunds
- Adjustments previous periods
- Tax authority notifications / audits

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Record keeping & retention

- Define required data points & supporting documents for record keeping requirements
- Retention terms
- Document requirements and processes in SOP







Impact assessment

Tax authority procedures

Data, systems and processes

Documentation & controls



