

# Marketplace operators

## Ecommerce VAT changes in the EU

If you are a marketplace operator, then the forthcoming VAT changes for ecommerce in the EU will likely impact your business. You may be required to register and account for VAT on B2C imports into the EU and collect VAT on B2C sales by non-EU sellers (transacting on your platform) to consumers located in the EU. These changes will come into effect in 2021\*. Prepare your business for the 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.

### 1 Legal

- Update terms & conditions; payment terms
- Policies for misuse of IOSS ID
- Policies for non-compliance sellers
- Arrangements with postal operators
- Identify reporting obligations associated with PSD2 license (if any)

### 2 Stakeholder engagement

- Prepare the business for the changes
- Educate sellers on changes (e.g. issue guidance, information sessions)
- Procedures for customs clearance and use of IOSS ID with postal operators and customs agents
- Ensure a smooth transition

### 3 Front-end systems

- Seller and buyer on-boarding process – verification of VAT status / VAT ID
- Price transparency – including VAT, customs & excise duties in final prices
- Local VAT display requirements
- Product returns and rejected products (by the consignee)

### Accounting & billing systems 6

- Blue print / mapping of supply chain to VAT accounting / reporting obligations
- Tax coding
- System logic (goods-flow; values)
- Automated reports / data points
- Invoice requirements
- Self-billing (sales by non-EU sellers)

### 5 Master Data

- VAT rate classifications in product master data
- Assignment of commodity codes
- Limitations reduced rates for imports
- Maintain VAT rate content
- Excisable goods and duties
- Supplier and customer location

### 4 Registrations

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

### 7 Post-transactional adjustments

- FOREX adjustments
- Price adjustments (e.g. transport, insurance costs, taxes)
- Product returns and rejected goods (by consignee)
- Payment reversals
- Credit notes

### 8 Ongoing compliance

- Seller and country reconciliations
- VAT returns, Intrastat declarations
- Claiming foreign input VAT / refunds
- Platform (and PSP) data reporting
- Reporting frequencies and deadlines
- Adjustments previous periods
- Tax authority notifications / audits

### 9 Record keeping & retention

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

### 10 Controls (examples)

- Verify data obtained from sellers
- VAT rate checks
- Implement unique transaction numbers
- Reconcile customs / accounting data
- Reconcile product returns and refunds
- Implement controls for false valuations
- Implement controls for goods-flows

\* The Council of the EU has reached a preliminary agreement to postpone the effective date (from 1 January 2021) to 1 July 2021.

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