

# Postal operators, express carriers, customs agents

## Ecommerce VAT changes in the EU

If you are a postal operator, express carrier, or customs agent, then the forthcoming VAT changes for ecommerce in the EU will likely impact your business. The current VAT exemption for imports of low value parcels into the EU (up to €22 or the equivalent) will be abolished. You may be required to collect VAT on such imports on behalf of the consignee, unless the seller or marketplace operator accounts for VAT under the specific Import One Stop Shop (IOSS) scheme. 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
- Update payments terms
- Update policies for payment of handling costs and VAT
- Policies for rejected products and storage/destruction costs
- Policies for returns and VAT refunds

**2 Stakeholder engagement**

- The business – e.g. forecasts, handling costs, storage capacity
- Marketplaces and sellers – data, IOSS identification number, handling costs
- Foreign carriers / logistic service providers – obtaining data
- Consignees – VAT and handling costs

**3 Front-end (systems)**

- Price lists and policies for VAT and handling costs
- Notifications for VAT and handling costs
- Integrate electronic payment systems (and refunds for returned products)

**4 Claiming payments and refunds**

- Claiming VAT and duties from consignees – e.g. using system of 3rd party payment service provider
- Refunding non-deferred VAT for returned products
- Double VAT payments (by customs declarant and seller/marketplace)

**5 Customs clearance**

- Use of IOSS identification numbers
- Collection of VAT on imports v deferred VAT accounting
- Customs declaration for each consignment
- Form changes (electronic formats)
- Train staff

**6 Data management**

- Intrinsic value of parcels
- Electronic Advance Data (EAD)
- Content (super) reduced dataset
- Obtaining IOSS identification numbers
- Procedures for missing data
- Unstructured data – supporting documents accompanying parcels

**7 Systems**

- Record IOSS identification numbers and verify seller / marketplace
- Intrinsic value of parcels
- Rate settings (may vary by goods-flow)
- Deferred VAT accounting
- Payments of VAT and handling costs
- Product returns and VAT credits

**8 Ongoing VAT compliance**

- Local tax authority requirements for application of special scheme
- Monthly reporting of deferred VAT (special scheme)
- Exclude and reconcile refused parcels / returns and refunds
- Monthly deferred VAT payments

**9 Record keeping & retention**

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

**10 Controls (examples)**

- Procedures for missing and invalid IOSS identification numbers
- Implement parameters and notifications for false valuations
- VAT rate checks
- Detect excisable goods
- Detect goods-flow for special scheme

\* The Council of the EU has reached a preliminary agreement to postpone the effective date (from 1 January 2021) to 1 July 2021. All activities performed and all services rendered by Meijburg & Co are subject to its general terms and conditions, filed with the Dutch Chamber of Commerce. Meijburg & Co, Tax Lawyers, is an association of limited liability companies under Dutch law, registered under Chamber of Commerce registration number 53753348 and is a member of KPMG International Cooperative ('KPMG International'), a Swiss entity.

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**Legend**

- Commercial & Legal
- Customs procedures
- Data, systems and processes
- Documentation & controls