



ONE STOP SHOP: GET READY FOR THE NEW EU E-COMMERCE VAT PACKAGE

If you're an EU business with B2C sales in other EU Member States or based outside the EU with B2C sales to the EU, 1 July 2021 will bring significant change.

The change to the Distance Selling threshold means that VAT will be immediately due in the Member State of consumption and this could lead to a requirement for several additional VAT registrations. This will add cost and complexity to businesses and so the package introduces a One Stop Shop (OSS) to ease the burden.

OSS has many benefits but it's not simple. It's important that companies prepare and make informed decisions now as to whether or not OSS is right for their business. The EU's new VAT e-commerce package aims to simplify cross-border trade and ensure VAT is charged correctly on cross-border B2C sales.

THERE WILL BE THREE APPLICABLE VARIATIONS:



Union OSS

Intra-EU B2C goods, and B2C services by EU businesses



Non-Union OSS

B2C services by non-EU businesses



Import OSS (IOSS)

Imports of goods below €150

The requirements for OSS vary for EU and non-EU businesses, for sales D2C or via an online marketplace and depending on the final steps of the supply chain. **It's important to understand which OSS applies to your business to ensure VAT compliance.**

WHAT CHANGES WILL THIS E-COMMERCE PACKAGE BRING?

Key changes from the new EU e-Commerce VAT Package



Applies to **ALL GOODS & SERVICES** sold intra-EU B2C

The three variations of the OSS scheme apply to all B2C supplies of goods and services sold by EU and non-EU suppliers.

Change to **DISTANCE SELLING THRESHOLDS**



€10k

An EU-wide threshold of €10,000 will replace country specific thresholds. It's only available in certain circumstances.



EXCISE GOODS

Excise goods are not eligible for IOSS and may not be eligible for OSS.



End of **LOW VALUE CONSIGNMENT RELIEF**

Removal of LVCR will occur when OSS is introduced.



MARKETPLACE LIABILITY

Marketplaces can become liable to account for the VAT due in certain circumstances.



PLACE OF SUPPLY

Once the single threshold is exceeded, VAT becomes due at the place where the goods are delivered to.

INCREASED RECORD KEEPING REQUIREMENTS

Additional requirements to report transactional data including delivery addresses, payment details and goods returns.



BE PREPARED

HOW DO I PREPARE FOR OSS?

OSS is complex and it's important to prepare for this new scheme to ensure that place of taxation, reporting and corresponding administrative requirements are met.

Maintaining transaction data electronically is a requirement of OSS and this data can be requested on demand by tax authorities.

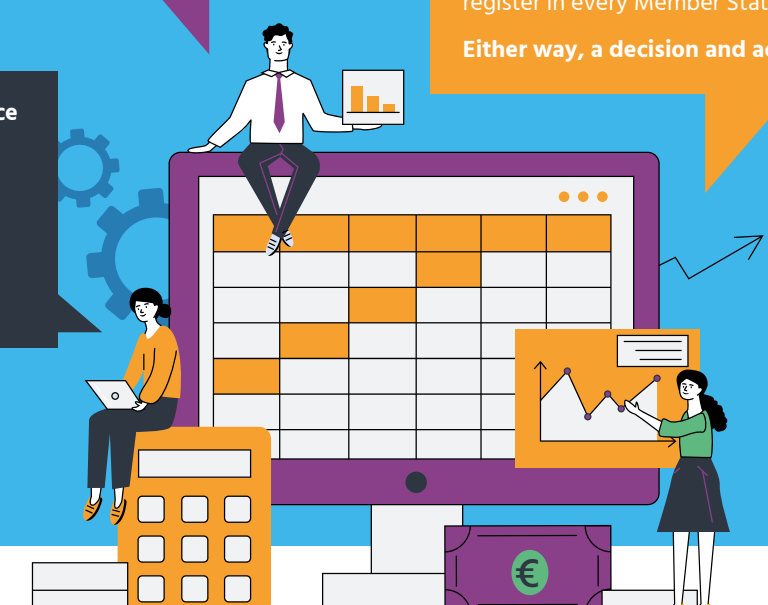
Implementing the changes required to comply with OSS into your ERP system could take significant time and resources.

As OSS isn't currently compulsory it's better to understand your internal timeframes and implement OSS when you're ready, rather than try and rush to meet the 1 July 2021 introduction date.

The main choice businesses with total intra-community sales of >€10,000 need to make is whether to use OSS or register in every Member State where they trade.

Either way, a decision and action are needed.

Repeated noncompliance can result in exclusion from OSS resulting in the taxpayer having to register for VAT in all Member States where it has a VAT liability.



SOVOS CAN HELP YOU PREPARE FOR OSS

Sovos can help ease the tax burden and help businesses understand their options to remain fully VAT compliant.

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