

Ecommerce sellers located in the EU

Ecommerce VAT changes in the EU

If you are an ecommerce seller located in the EU, then the forthcoming VAT changes for ecommerce in the EU will likely impact your business. Your intra-EU sales to consumers (B2C) located in other EU countries will (continue to be) taxed in the EU country where the goods are shipped to (customer location), but significant simplifications for your registrations, compliance and invoicing will be introduced. If you are also shipping goods from outside the EU to consumers located in the EU, you may be required to account for VAT on such B2C sales imported into the EU. If you are selling on a marketplace, then the marketplace operator may be liable to pay the VAT on imports instead. 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.

1 Assess changes and implications

- Abolishment of thresholds for B2C intra-EU sales
- Imports from outside the EU (see 2)
- Simplified registration v local registrations & compliance
- Price display & invoicing
- Record keeping & retention

2 Imports from outside the EU

- Parcels \leq €150 v $>$ €150
- IOSS simplified registration
- Marketplace sales – shifting liability
- Engage with postal operators/customs agents on customs clearance process
- VAT rate classifications
- Invoicing

3 Registrations

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

6 adjustments

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

Post-transactional

5 Accounting & billing systems

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

4 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

7 Ongoing compliance

- Parcels \leq €150 v $>$ €150
- IOSS simplified registration
- Marketplace sales – shifting liability
- Engage with postal operators/customs agents on customs clearance process
- VAT rate classifications
- Invoicing

8 Record keeping & retention

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

* 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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