



VAT e-commerce package of 5 December 2017

The Import scheme

26 February 2018

VAT Expert Group



VAT e-commerce package of 5 December 2017

Package of 3 legal acts ([OJ L 348 of 29.12.2017](#)):

- **Council Directive (EU) 2017/2455** amending Directive 2006/112/EC (the VAT Directive) and 2009/132/EC (VAT import exemptions)
- **Council Regulation (EU) 2017/2454** amending Regulation (EU) 904/2010 (on administrative cooperation and combating fraud)
- **Council Implementing Regulation (EU) 2459/2017** amending Regulation (EU) 282/2011 (the VAT Implementing Regulation)





Main parts of the package:

I. Improvements of the current One Stop Shop

II. Extension of the One Stop Shop (non-Union Scheme) to:

- Services other than telecommunications, broadcasting and electronically supplied services (TBE services)

III. Extension of the One Stop Shop (Union scheme) to:

- Intra-EU distance sales of goods
- Services other than telecommunications, broadcasting and electronically supplied services (TBE services)

IV. Extension of the One Stop Shop (Import scheme) to:

- **Distance sales of goods supplied from third countries or territories**
- **And providing for simplified arrangements for import of low value goods where the One Stop Shop is not used**





Why:

- **Explosive growth of e-commerce**
 - 150 million parcels below EUR 22 imported annually into the EU (2015) – more than 40 million parcels of a higher value
 - Significant growth on yearly basis (minimum 15% per year)
 - Almost impossible to effectively control
- **VAT revenue losses following the exemption up to EUR 22**
 - At least EUR 1 billion due to the VAT exemption and EUR 4 billion due to abuses (undervaluation, declared as gifts)
- **Distortion of competition**
 - Goods sold within the EU are systematically subject to VAT
 - Hence, the application of a VAT exemption which is difficult to control and open to abuse disadvantages EU business
 - Creates opportunities for business relocations to take advantage of import VAT exemption





Summary:

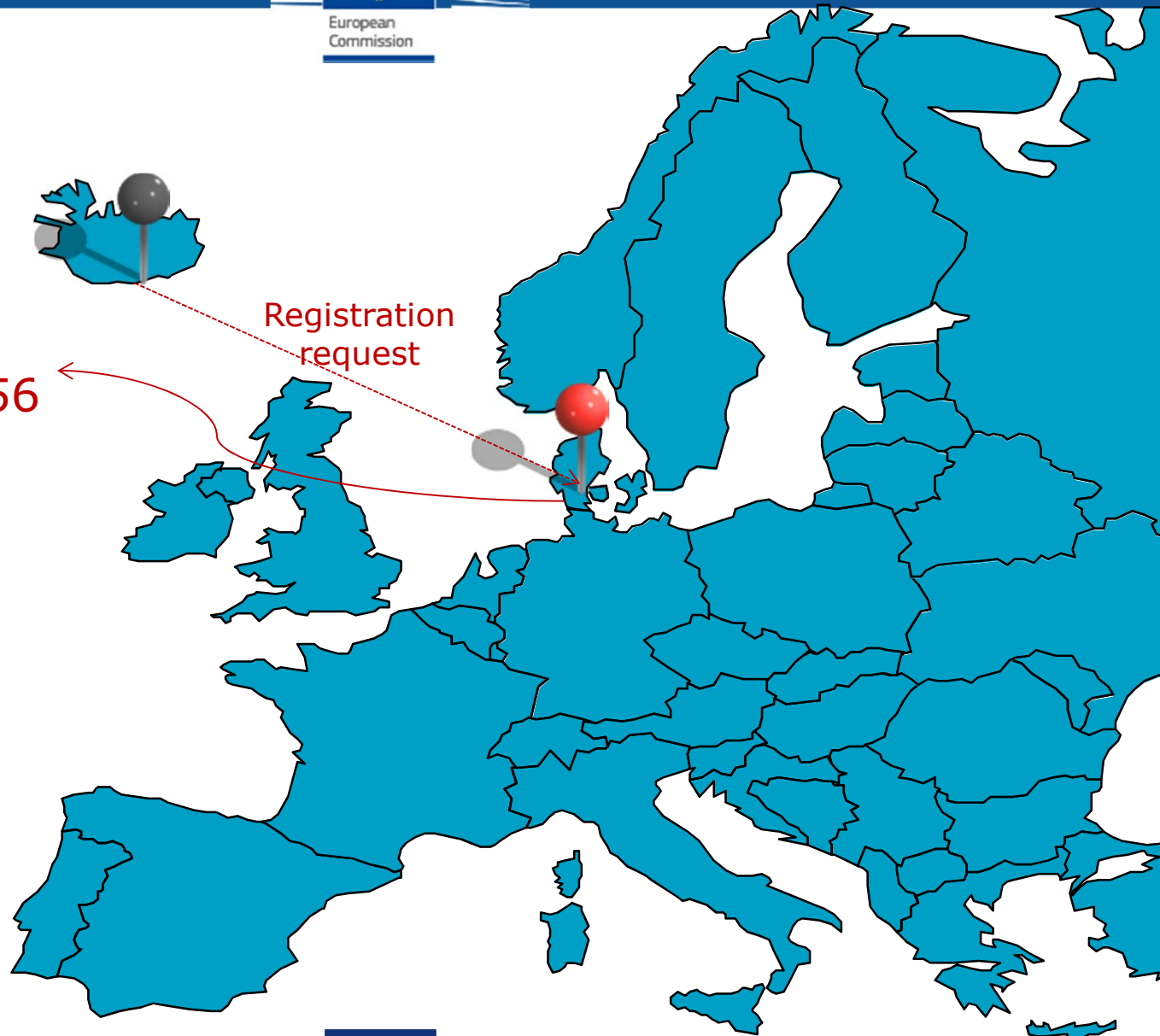
- **Abolish import exemption** for consignments of a value \leq EUR 10-22
 - All distance sales from third countries to the EU are subject to VAT upon importation
- For consignments of a **value \leq EUR 150**, the **Import One-Stop Shop (IOSS)** can be used to declare and pay the VAT
 - The vendor (directly or via an intermediary) registers for the IOSS in a MS (the MS of Identification or MSI)
 - The **vendor charges** the **VAT** to the customer **at the time of supply**, defined as the time when the payment is accepted
 - These consignments are **VAT exempt upon import** → IOSS EU VAT No to be communicated to customs at the latest upon lodging of the import declaration
 - He declares and pays VAT to the MSI on the basis of a **monthly** One Stop-Shop VAT return; the MSI transfers the VAT to all MS of Consumption (MSC)
 - This applies for consignments up to an **intrinsic value** of EUR 150 → Above this value, customs duties are due and a full customs declaration is required
- Data of application: **1/1/2021**
- **Example: distance sales from Iceland to the EU**

1. Registration



VAT Nr.
IMMSI123456

Registration
request



1. Registration



- Any taxable person can register for the IOSS if he intends to carry out distance sales from a third country or territory to the EU
 - Taxable persons not established in the EU must be represented by an **intermediary**
 - The taxable person not established in the EU should register in **the MS of the intermediary** (direct registration for non-EU only where the administrative cooperation is in place)
 - The taxable person established in the EU or intermediary must register in **the MS of his business or where he has a fixed establishment**
 - The intermediary must be authorised and identified to act as such (≠ a VAT Id No)

- MS must provide for **electronic** registration (via web portal)

- Trader must register **before making first supply**

- **Registration information** to be provided by the trader includes:
 - Name, address, e-address
 - Company name, trading name, email address
 - Website(s)
 - VAT Id No or national tax No

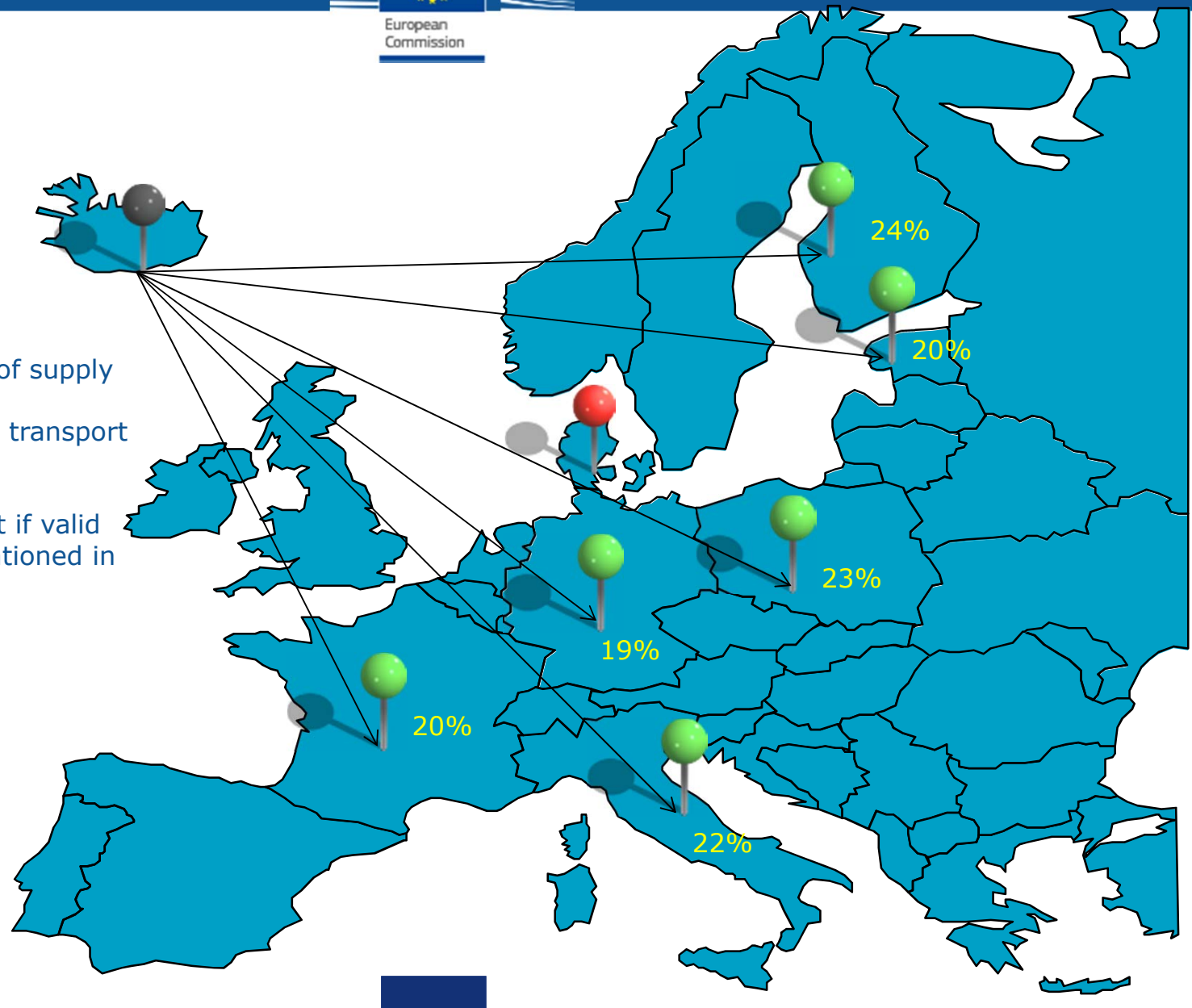
- Format VAT No (**to be determined**): **IMMSI123456**

- MS of identification (MSI) sends registration information to ALL other MS

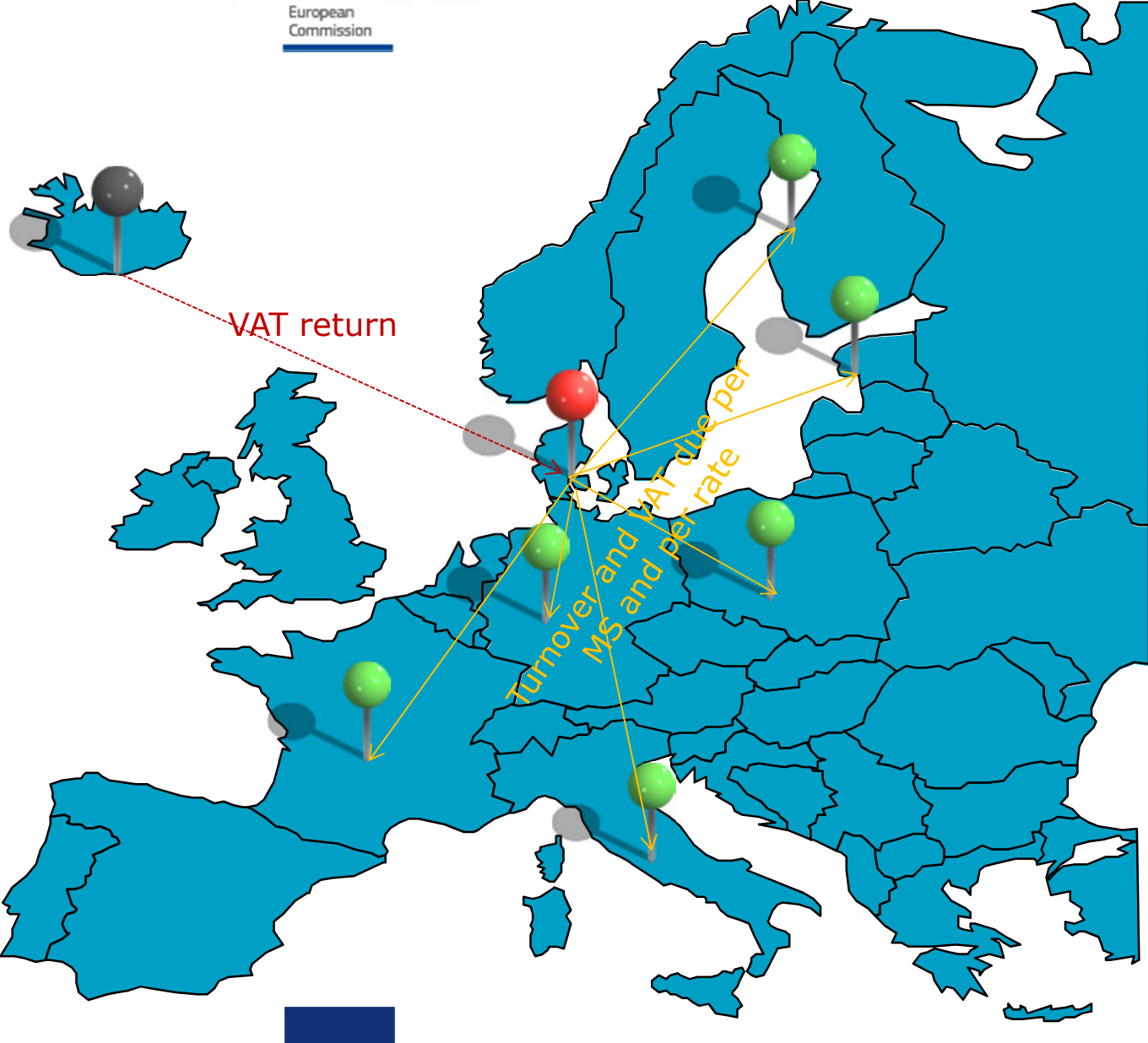
2. Supply of goods



- VAT charged at time of supply
- VAT rate = MS where transport ends
- Import = VAT exempt if valid IOSS VAT Id. No mentioned in import declaration



3. VAT return



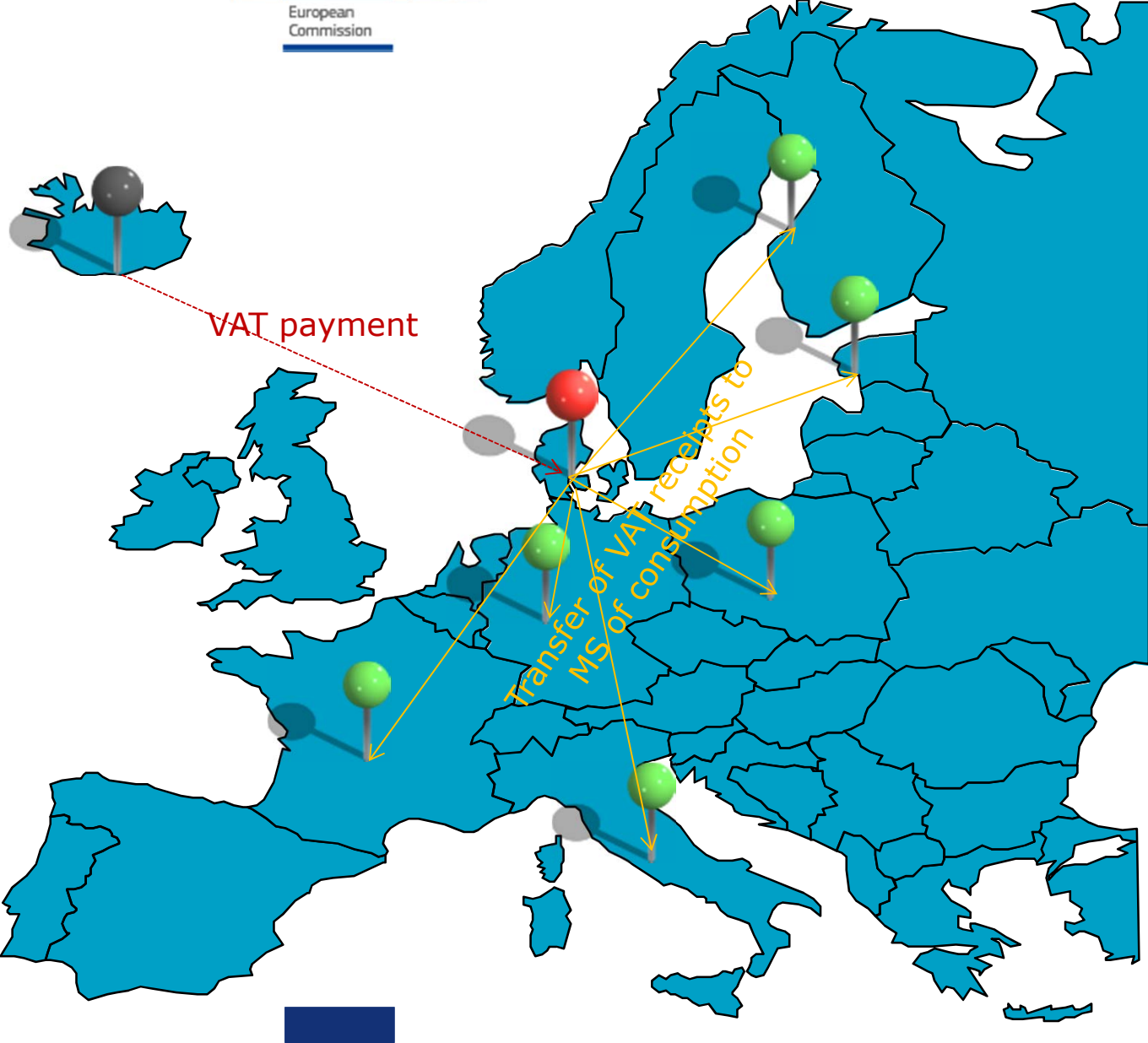
3. VAT return



- To be submitted **monthly** (by the end of the following month)
- To be submitted **electronically**
- Must contain the following **information**, per MS of consumption (MSC):
 - Total **value of supplies** made during the month, exclusive of VAT (per VAT rate)
 - **VAT rate**
 - Total **amount of VAT** due (per rate of VAT)
- MSI allocates a **Nr** to the VAT return
- MSI **splits** the return information **by MSC** and forwards it to the various MSCs
- All MS have a **direct access** to data for all registered businesses
- Return to be made in **Euro**; MS not using the Euro may require submission in their national currency but amounts to be converted to Euro when communicated to MSC



4. VAT payment



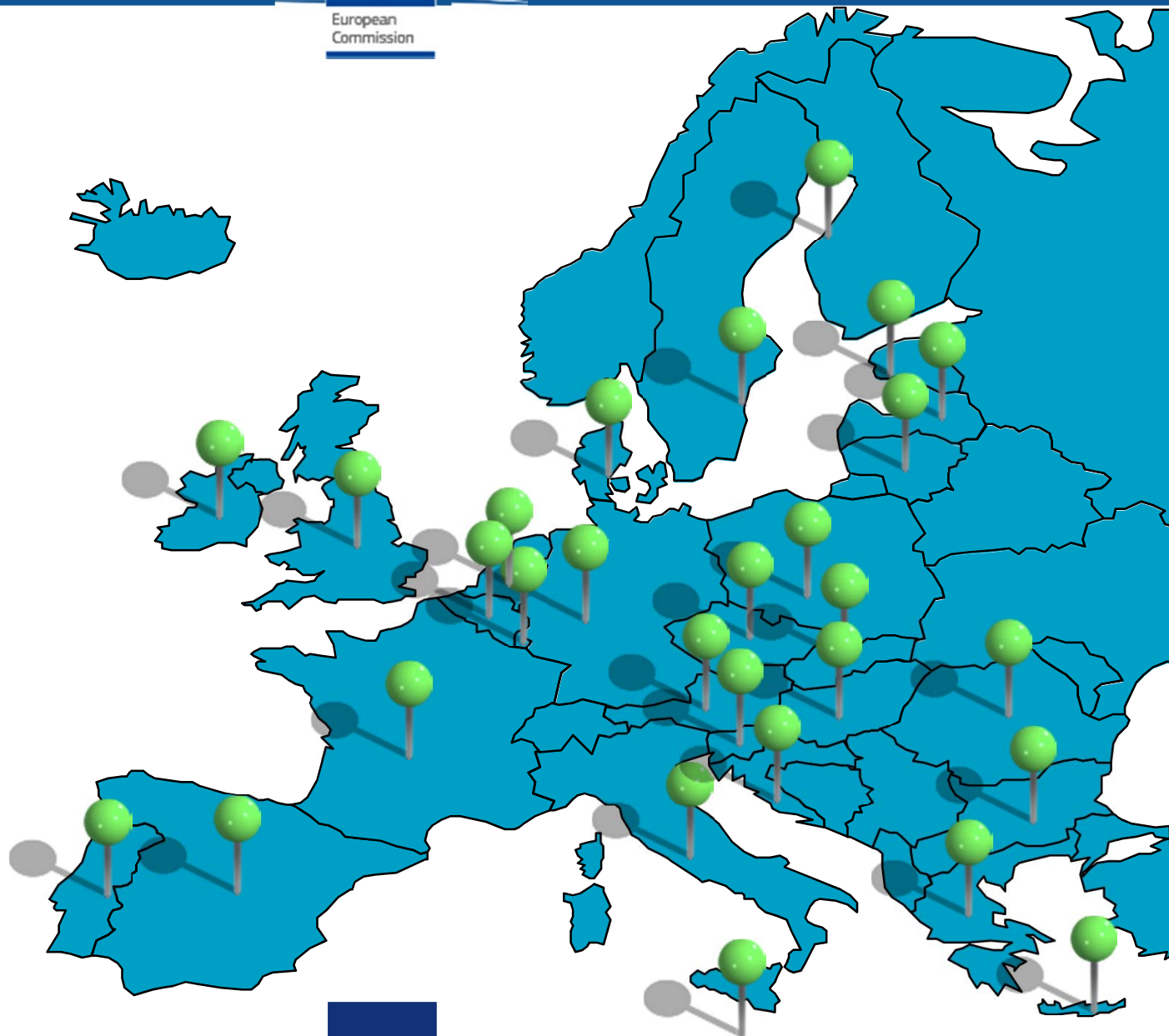
4. VAT payment



- To be made **monthly** (by the end of the following month)
- Payment must **refer to the VAT return No**
- The **MSI transfers the VAT to each MSC** at the latest 20 days after the end of the month during which the payment was received



5. VAT listing



Monthly listing FRANCE	
VAT ID No	Total import value
IMDK552465	241,875
IMDE852612	125,784
IMEE025486	25,262
IMIE852148	51,369
IMIE452954	410,369

5. VAT listing



- All MS must compile a **monthly listing** containing:
 - ✓ The **IOSS VAT Id Nos** mentioned in import declarations during the month (of any MSI)
 - ✓ Per VAT Id No, The **total value of imports exempted** during the month

- MS shall enter the information in an **electronic system** without delay (no deadline set) and shall grant **automated access** to other MS

- MS shall keep the information in the listing available for **at least 5 years** from the end of the first year during which access is to be granted

- Why: To allow the MSI to check the consistency between:
 - ✓ Total value of sales declared in the monthly IOSS VAT return
 - ✓ Total value of imports during that month





From a customs point of view, there are three main issues:

1. Insertion of the OSS VAT registration No in the import declaration

- Work ongoing in the Customs Expert Group on Data Integration and Harmonisation (DIH Committee) – See working document DIH17/003 Rev. 3:
 - ✓ D.E. 1/10: use existing procedure code 40 (release for free circulation)
 - ✓ D.E. 1/11: use existing additional procedure code C07 (consignments of negligible value)
 - ✓ D.E. 1/11: create a new additional procedure code allowing the declarant to claim the exemption from import VAT when the IOSS is used
 - This requires changes in the UCC DA and UCC IA

- Need to create a database of IOSS VAT Id Nos with high availability and quick response times for electronic verification of these Nos at the time of importation





2. The **monthly listing** on all imports in a MS under the IOSS

- MS shall enter the information in an **electronic system** and shall grant **automated access** to other MS
- How to compile this listing: use SURVRecapp or not?

3. The requirement to have an **import declaration for all small parcels** requires availability of electronic source data and possibly the use of simplified customs declarations

- Ongoing work in the customs Project Group on small consignments

Work related to the impact on customs IT system will be coordinated in the ECCG (Electronic Customs Coordination Group)
→ next meeting : 13-14 March 2018





Detailed legal provisions:

- Provisions laid down in a **new Section 4** of Title XII, Chapter 6 of the VAT Directive → Same structure as Sections 2 and 3
- **Excise goods** are excluded from the scope of the IOSS
- Where **marketplaces, platforms, portals**, etc. facilitate distance sales of goods from third countries or territories:
 - they are deemed to have received and supplied the goods (new Article 14a(1))
 - If the intrinsic value of the consignment \leq EUR 150 (up to 70% of supplies are facilitated by such marketplaces, platforms or portals)
- **Corrections to previous VAT returns**
 - Can be made in a **subsequent return** instead of the original return to be corrected (until 3 years back)





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