

Remark | VAT, Customs and Special Taxes

The European Commission has recently published explanatory notes on the new VAT e-commerce rules

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Due to the practical difficulties created by the COVID-19 pandemic situation, the application of the new VAT e-commerce rules has been postponed by six months. Thus, the rules will apply as of **1 July 2021** instead of 1 January 2021, giving Member States and businesses additional time to prepare.

The VAT e-commerce package aims at facilitating cross-border trade. The new rules include:

- Improvements to the current Mini One Stop Shop (MOSS) for Telecommunications, Broadcasting & Electronic (TBE) services
- Special provisions applicable to supplies of goods facilitated by electronic interfaces
- Extension of the scope of the MOSS, turning it into a One Stop Shop (OSS), for:
 - B2C supplies of services other than TBE services
 - Intra-EU distance sales of goods
 - Certain domestic supplies of goods facilitated by electronic interfaces
 - Distance sales of goods imported from third countries and third territories in consignments of an intrinsic value of maximum EUR 150

The extension of the MOSS and the special provisions concerning the obligations of electronic interfaces will enter into force on **1 July 2021** as IT systems need to be adapted or developed.

Intra-EU distance sales of goods

From 1 July 2021, the threshold for distance sales of goods becomes **EUR 10 000** per year and it covers all distance sales of goods to customers in all EU Member States. The previous annual EUR 35 000 distance sales threshold for each Member State (or EUR 100 000 for a limited number of Member States) is removed.

In the present scenario, since the EUR 10 000 threshold is exceeded, the place of supply of distance sales of goods is the country to which the goods are dispatched. To report the VAT due on the distance sales of goods dispatched from one Member State to another Member State there will be two possibilities:



- (1) register in each of these Member States and declare and pay the VAT due in the national VAT return of the respective Member States or
- (2) apply the **simplification** by registration in the VAT One Stop Shop (**OSS**) portal in the Member State of dispatch. OSS registration will allow for declaration and payment of the VAT due in other Member States.

Certain domestic supplies of goods facilitated by electronic interfaces

Businesses operating electronic interfaces such as marketplaces or platforms will, in certain situations, be deemed for VAT purposes to be the supplier of goods sold to customers in the EU by companies using the marketplace or platform. Consequently, they will have to collect and pay the VAT on these sales.

Distance sales of goods imported from third countries

An import scheme will be created covering distance sales of goods imported from third countries or territories to customers in the EU up to a value of **EUR 150**.

The introduction of the import scheme goes hand in hand with the abolition of the current VAT exemption for goods in small consignment of a value of up to EUR 22.

Where the import OSS is not used, a second simplification mechanism will be available for imports. Import VAT will be collected from customers by the customs declarant (e.g. postal operator, courier firm, customs agents) which will pay it to the customs authorities via a monthly payment.

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