

Selling into Europe VAT changes

What you need to know...

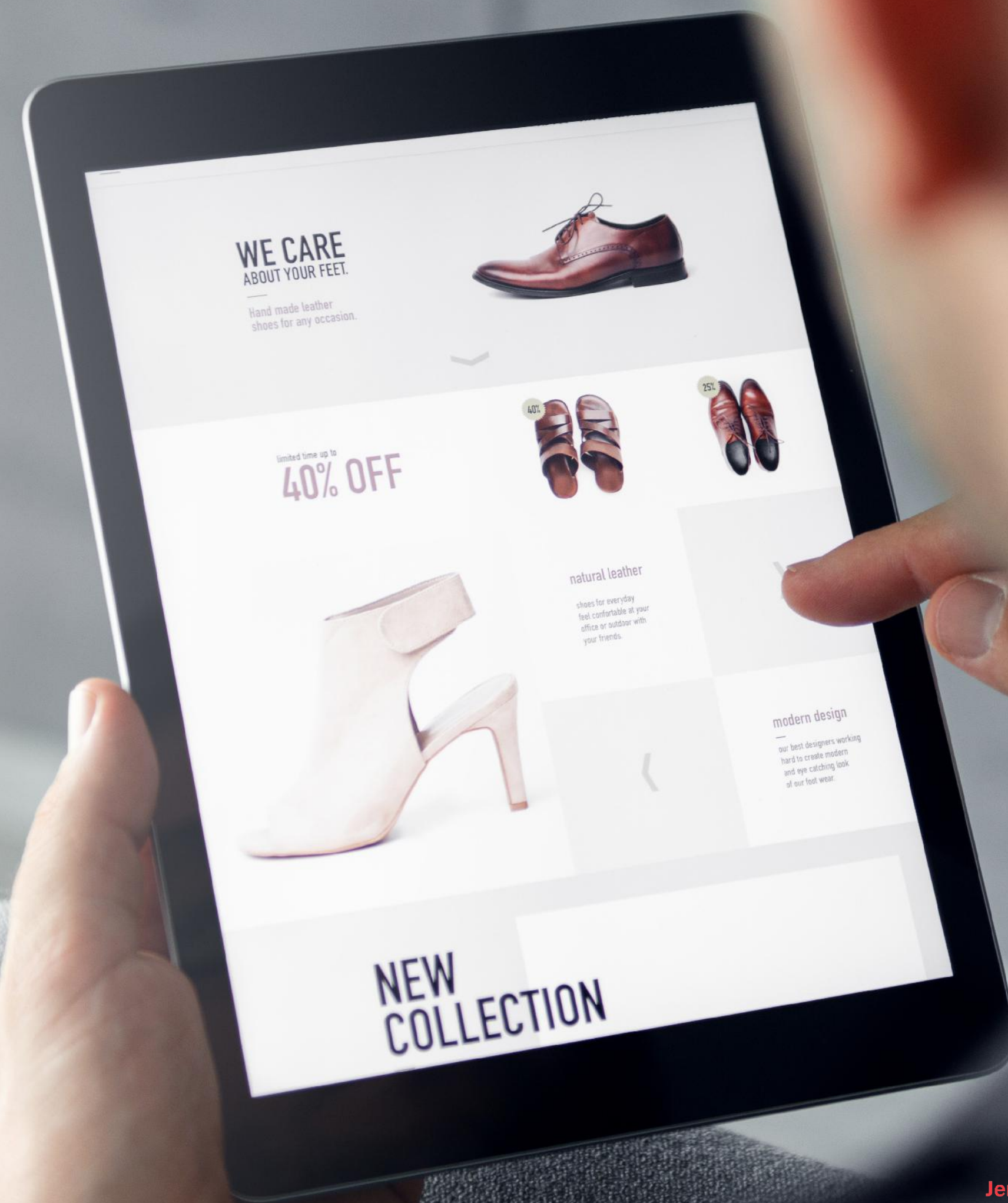
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What is changing?

The VAT rules for the sale of goods into Europe are changing:

- As of 1 July, the EU will remove the low value VAT exemption for imported goods under €22.
- All goods sold into EU countries will now be subject to VAT regardless of their value.
- The IOSS (Import One Stop Shop) has been created to facilitate the declaration, collection and payment of VAT for the sale of goods valued under €150.



Why?

The EU has made these changes to re-establish fair competition between European and 3rd country ecommerce retailers.

The IOSS facilitates the declaration and payment of VAT for sellers from either the EU or from a non-EU country or territory.

What are the options for business sellers?

If you are selling to recipients in EU countries you have the following options;

Do nothing

Known as DDU (delivery duties unpaid). This is where you send the goods and the buyer pays the VAT. A handling fee is also usually charged by the carrier when the goods arrive in the recipient country.

Pay VAT to IOSS via a marketplace

If your products are sold via a marketplace, the collection of VAT is done at the point of sale and clearance of goods is done via that marketplace's own IOSS registration number.

Register for IOSS via an intermediary

A non-EU established supplier should register for the IOSS and submit declarations via an intermediary based in an EU member country.

What business sellers need to consider...

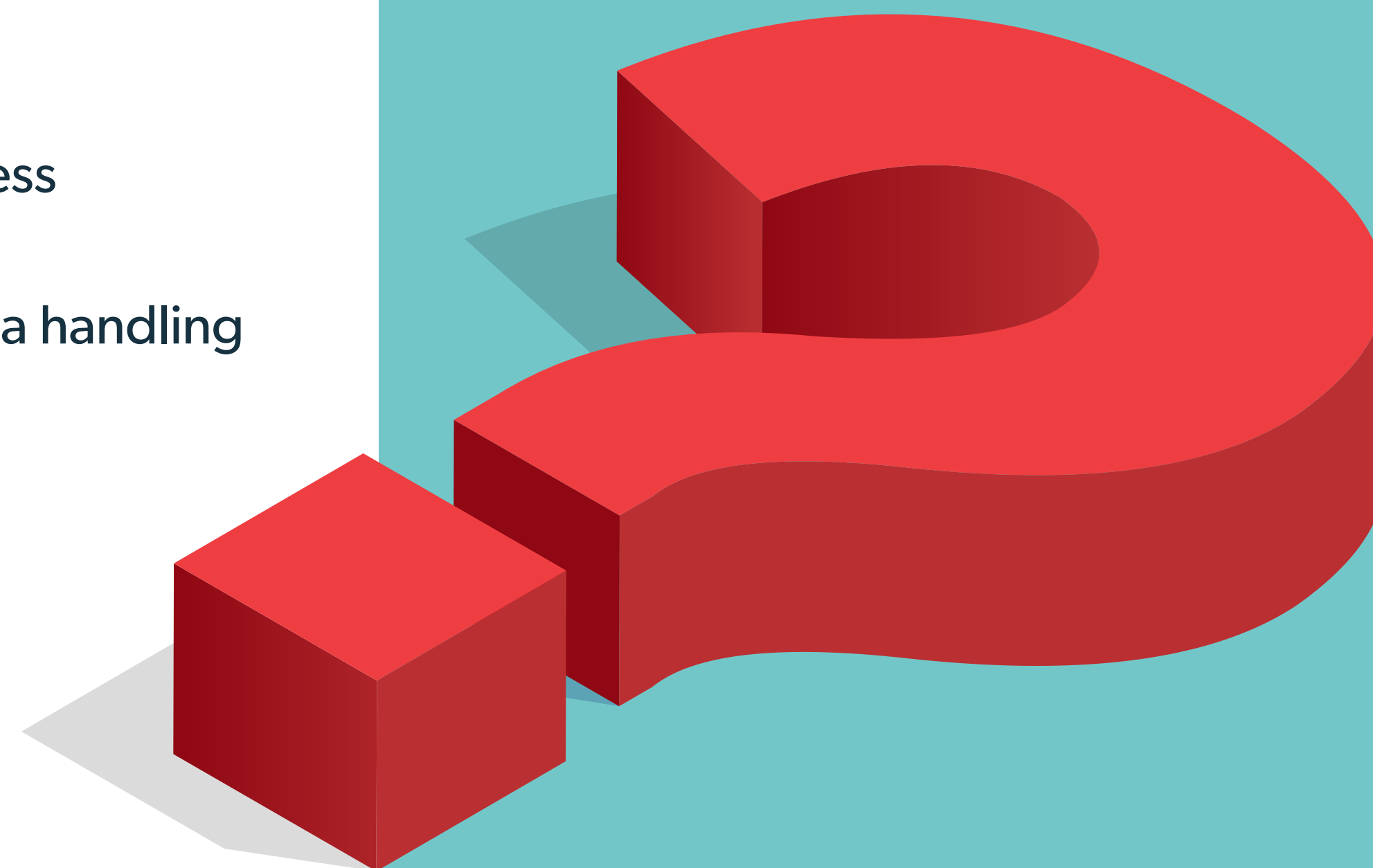
When deciding which option to choose we suggest considering the following:

- ✓ Identify if your business will be impacted by the new VAT rules.
- ✓ If you are selling through an online marketplace, contact them to confirm if they will be responsible for VAT accounting.
- ✓ Assess your VAT accounting needs and identify the VAT rates applicable in the EU countries you sell to.
- ✓ If you decide to register for IOSS, appoint an intermediary to handle tax compliance on your behalf in the EU.
- ✓ Ensure any VAT charged, at the point of sale, is clearly shown in the transaction to the customer.
- ✓ If you are using Atlas as your shipping platform, advise your Account Manager of your IOSS status, and they will advise of any necessary updates.
- ✓ Be prepared to submit the relevant IOSS number in the customs pre-advice when sending goods.
- ✓ Where relevant, adapt your postage labels, to clearly show IOSS has been paid.
- ✓ If you choose DDU and not to charge VAT at the point of sale, please inform your buyer upfront that import fees will be due for their item/s on arrival.



What is there to know about IOSS?

- Pre-charging tax and declaring via the IOSS is not mandatory.
- However, pre-charging and declaring VAT via the IOSS enhances the process for the buyer as they pay an inclusive price at the point of sale.
- If a seller doesn't use the IOSS scheme, the buyer will have to pay VAT plus a handling fee, at the point of import.
- Sellers can register for IOSS now, but to register, you need to appoint an EU-established intermediary.
- Many marketplaces, such as Amazon and eBay, will be registered with IOSS and will automatically include the relevant VAT in the purchase price to the buyer.
- If you sell via an IOSS registered marketplace, you do not need to register your business. You simply declare the IOSS number, provided by the marketplace, on the goods you send.
- If you include VAT at the point-of-sale and declare via IOSS, you must submit the IOSS number in the electronic customs pre-clearance information on your shipping platform.
- Items valued over €150 cannot be declared via IOSS and will be subject to VAT on arrival.



For more information on IOSS refer to the European Commission website:
https://ec.europa.eu/taxation_customs/business/vat/ioss_en

Sending IOSS items with Jersey Post

When dispatching your items, you must be prepared to submit the IOSS number in the EAD customs pre-advice.

Your IOSS number should not be shown on the postage label or marked anywhere on the outside of the package.



Booking shipments via Atlas

However you integrate with us, you will need to populate the relevant IOSS number field. If you only have one IOSS number*, and you save this against your account, this will auto-populate the IOSS number field for every shipment.

- **Manual entry** – you can submit the IOSS number field for each item
- **CSV file upload** – there will be an additional mandatory IOSS field to populate on the CSV template
- **API integration** – the IOSS number will be captured in 'from address' field

Please refer to the Atlas user guide for more detailed information on the technical specification: <https://docs.jerseypost-atlas.com/#operation/newShipment>

*If you ship your goods using several marketplace platforms, remember that you must submit the IOSS number for the relevant platform.

When will the changes take effect?

The EU has advised that all items arriving into an EU member country from 1st July 2021 will be subject to the new tax rules.



Will Jersey Post offer an EU VAT postal solution?

Known as **PDDP**, Postal Delivery Duty Paid

We are working on it. Whilst we don't currently have a solution in place we are exploring options and will share any developments with you.



For the latest information, FAQs,
and Atlas instruction guide see
jerseypost.com/eu-vat

To discuss with us, please contact
your Account Manager directly
or email us at **ecom@jerseypost.com**