
Taxation: new VAT rules for online shopping from 1 July. More advantages, simplification and transparency

As of 1 July, a number of changes will be introduced to the way that VAT is charged on online sales, the European Commission announced in a statement today. The new rules “will affect online sellers and marketplaces/platforms both inside and outside the EU, postal operators and couriers, customs and tax administrations, as well as consumers”. The objective is to “ensure a more level playing field” for all businesses, to “simplify” cross-border e-commerce and to “introduce greater transparency” for consumers. The VAT exemption on goods valued at less than €22 imported into the EU by non-EU companies is lifted (as a matter of fairness vis-à-vis the goods sold by EU businesses). Indeed, VAT exemptions allowed non-EU companies to undercut their EU competitors causing a VAT revenue loss of around €7 billion a year. Another change: at present, e-commerce sellers need to have a VAT registration in each Member State in which they have a turnover above a certain overall threshold, which varies from country to country. From tomorrow, these different thresholds will be replaced by one common EU threshold of €10,000 above which the VAT must be paid in the Member State where the goods are delivered. Online sellers will now be able to register for a common electronic portal called the One Stop Shop (OSS), where they can fulfil all their VAT obligations; the OSS will transmit the VAT at their Member State. Non-EU sellers will also be able to join the OSS, which will ensure the correct amount of VAT makes its way to the Member State in which it is finally due. A “Mini One Stop Shop” for VAT has already been running since 2015 for cross-border sales of electronic services; its extension to online sales of goods will now offer even more advantages and transparency for retailers and consumers.

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