



# EU 2021 VAT e-Commerce

Global Indirect Tax Advisor webcast series

—

8 June 2021

# Today's presenters



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# Agenda



## Agenda

- 1 What is the current state of play?
- 2 What are the 3 major changes?
- 3 What are the key technology challenges?
- 4 What are the key compliance requirements?

# Administration

## Polling questions

- Polling questions will appear as we proceed through the presentation.
- As mentioned, in order to receive the certificate of attendance, we require participants to take part in at least four of the five polling questions.
- If you qualify for the certificate of attendance, it will be sent to you following the webcast.



## Attendee questions

- You may submit questions in the *Ask a question* button on the left. We will answer as many questions as we can during Q&A. If we are unable to answer your question during the webcast, someone from KPMG may reply via phone or email following the webcast.
- For technical issues, please use the *Question Mark* button in the upper-right hand corner of the media player.



## Your feedback

- When the webcast is over, the webcast player will automatically refresh to display an exit survey. Feel free to complete the survey, as your comments are very valuable to us.

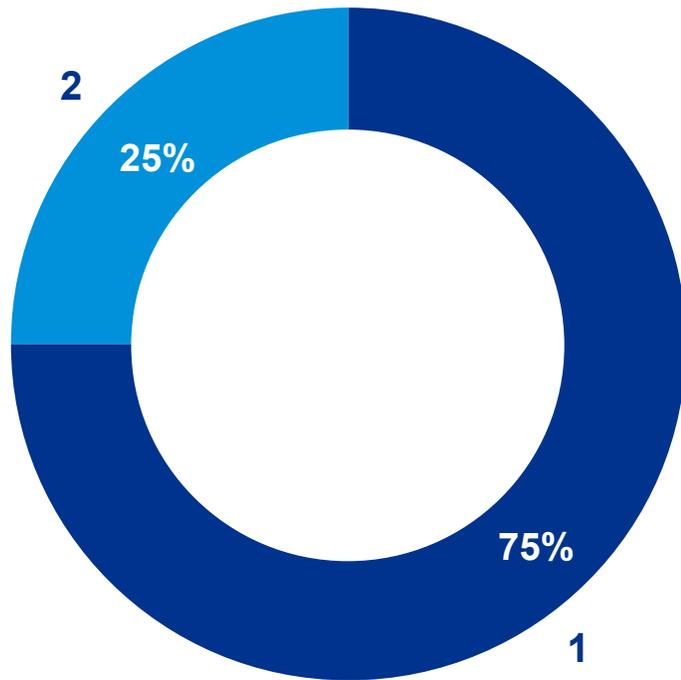




# What is the current state of play?



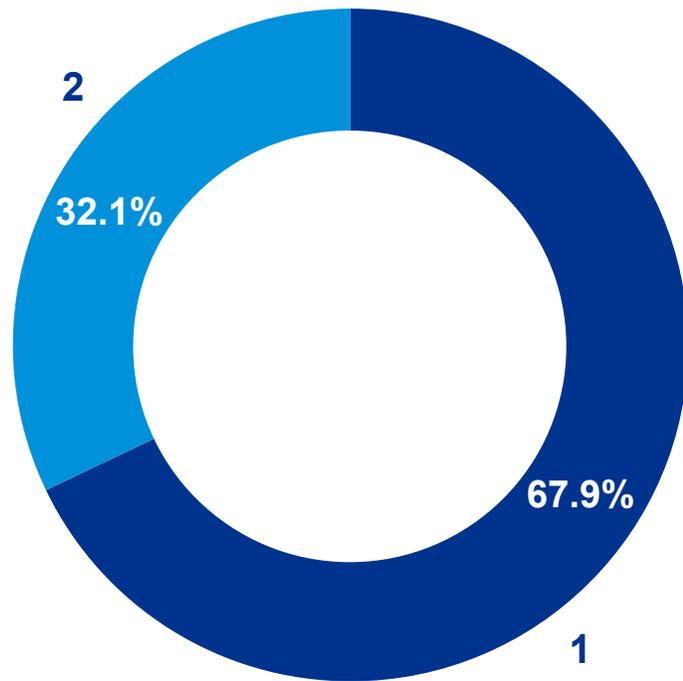
# Is the registration portal for OSS/IOSS in your country currently open?



1. Yes			
Austria	Belgium	Bulgaria	Croatia
Cyprus	Czech Republic	Denmark	Estonia
Finland	France	Germany	Hungary
Ireland	Italy	Latvia	Lithuania
Malta	Netherlands	Portugal	Romania
Sweden			
2. No			
Greece	Luxembourg	Northern Ireland	Poland
Slovakia	Slovenia	Spain	

\*Based on a survey completed by KPMG Member Firms. Information correct as at 17 May 2021

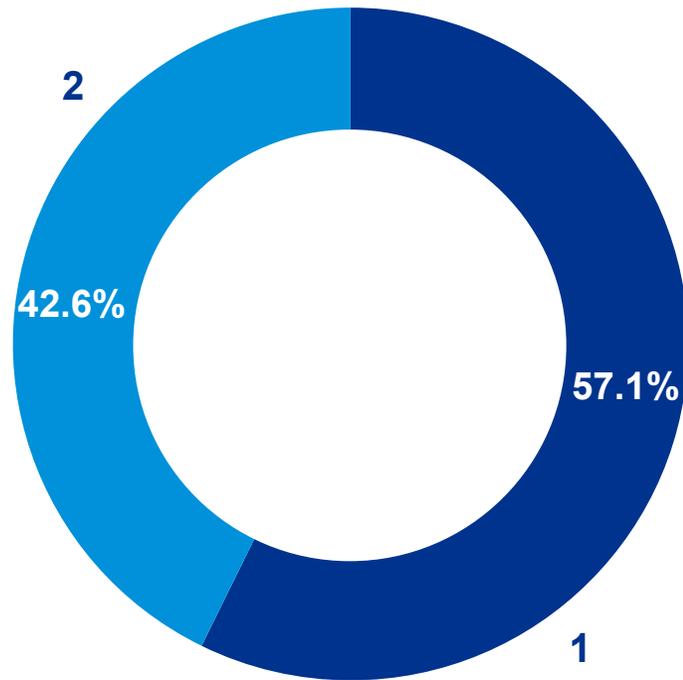
# Has your country enacted domestic law for the implementation of the new rules taking on effect on 1 July 2021?



1. Yes			
Austria	Belgium	Bulgaria	Croatia
Denmark	Estonia	Finland	France
Germany	Hungary	Latvia	Lithuania
Luxembourg	Malta	Netherlands	Portugal
Slovakia	Sweden	Spain	
2. No			
Cyprus	Czech Republic	Greece	Ireland
Italy	Northern Ireland	Poland	Romania
Slovenia			

\*Based on a survey completed by KPMG Member Firms. Information correct as at 17 May 2021

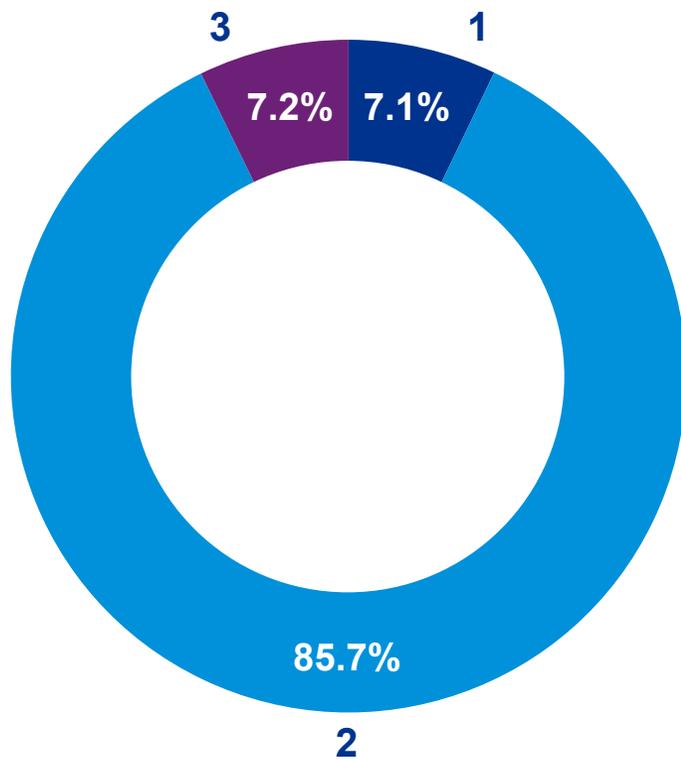
# Has your country issued guidance notes on the implementation of the new rules?



1. Yes			
Austria	Croatia	Denmark	Estonia
Germany	Hungary	Ireland	Latvia
Luxembourg	Malta	Netherlands	Northern Ireland
Romania	Slovenia	Spain	Sweden
2. No			
Belgium	Bulgaria	Cyprus	Czech Republic
Finland	France	Greece	Italy
Lithuania	Poland	Portugal	Slovakia

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# Are you seeing any specific issues or difference in the implementation of the new rules in your country outside of the general EU framework?



<b>1. Yes</b>			
Northern Ireland	France		
<b>2. No</b>			
Austria	Belgium	Bulgaria	Croatia
Cyprus	Czech Republic	Denmark	Estonia
Finland	Germany	Hungary	Ireland
Italy	Latvia	Lithuania	Luxembourg
Malta	Netherlands	Portugal	Romania
Slovakia	Spain	Sweden	Poland
<b>3. No, rules are not currently in place</b>			
Greece	Slovenia		

\*Based on a survey completed by KPMG Member Firms. Information correct as at 17 May 2021



# What are the 3 major changes?



# What are the 3 major changes?

1

— **B2C sales of goods within the EU**

2

— **B2C imports into the EU**

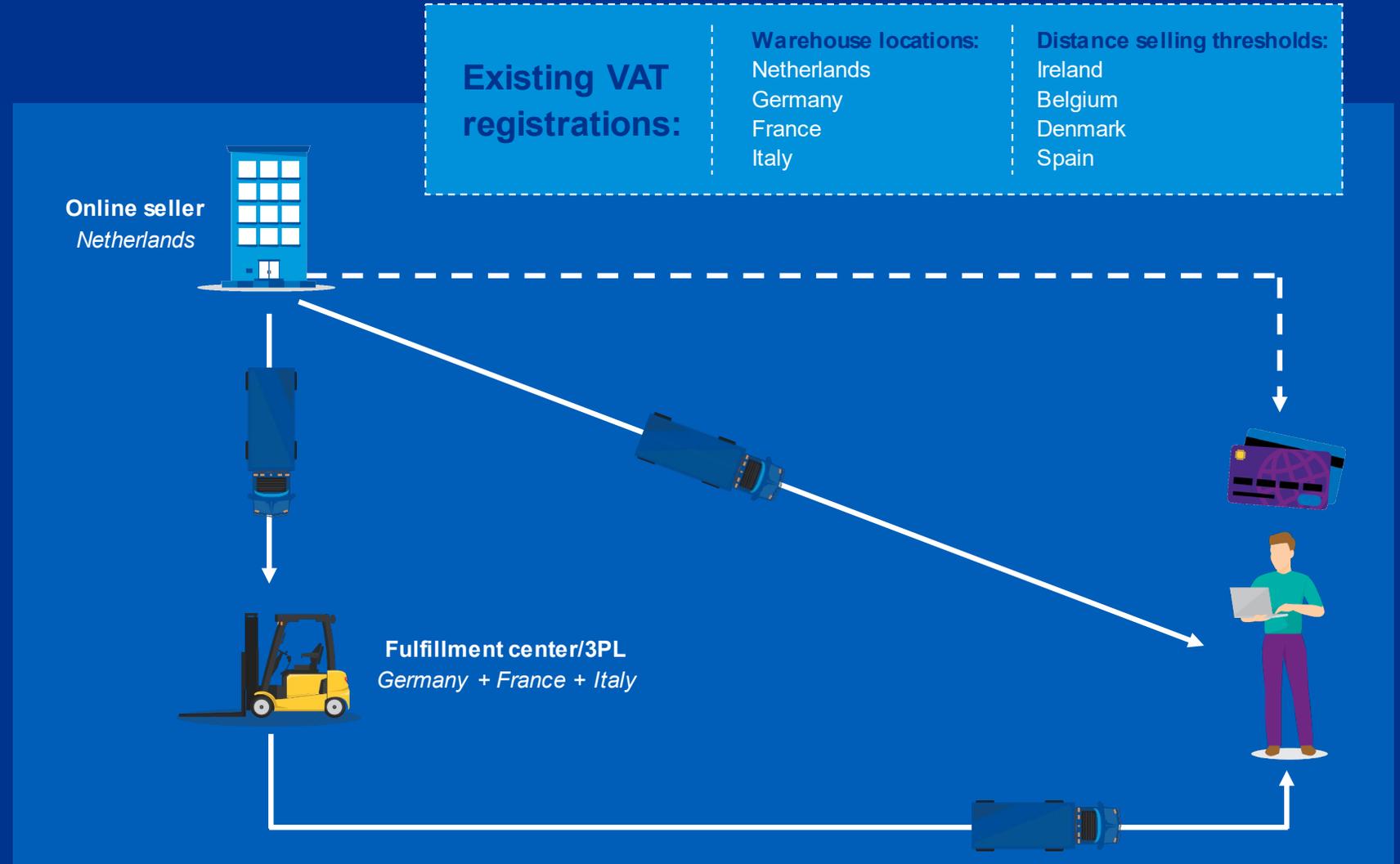
3

— **Sales facilitated by electronic interfaces/marketplaces**

# B2C sales within the EU

## Case study 1

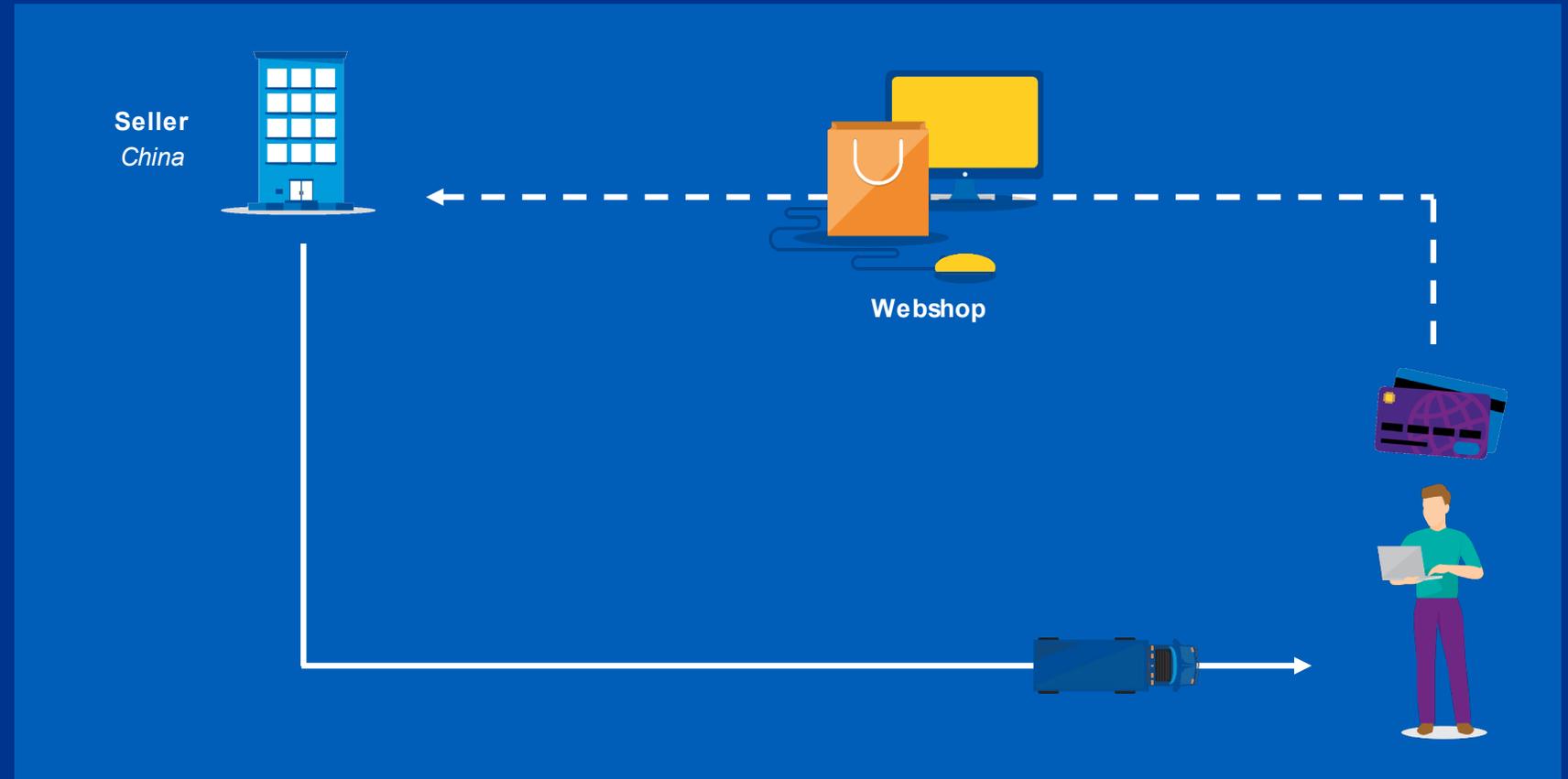
- Located in the Netherlands
- Sales of goods to private individuals (B2C) in multiple EU countries
- Stock held and owned by online seller in warehouse in the Netherlands and 3PL's in Germany, France and Italy
- Orders fulfilled in these warehouses and goods shipped to consumers
- Local VAT registrations in several EU countries



# B2C imports into the EU

## Case study 2

- Seller located in China
- Sales of goods to consumers in the EU
- Through own webshop
- Stock held and owned by online seller in China ('point of sale')
- Goods shipped from China directly to consumer



# Options for consignments ≤ €150

# 1

## Option 1 — IOSS registration

Apply for IOSS VAT registration

Account for VAT at check-out

No recovery of VAT by carrier from customer 'at the doorstep'

Simplified logistics: clearance in any EU country

Register for VAT in 1 EU country for all B2C imports into EU

Non-EU Seller — appoint 'VAT intermediary'

Monthly VAT returns

# 2

## Option 2 — Carrier collects VAT on importation

Carrier must collect VAT on importation — 'as is' approach

Carrier will recover VAT from Buyer/Seller — depending on trade terms

Recovery of VAT from Buyer — goods may be rejected

Potentially bonded transport (centralised clearance)

No VAT registration Seller

Handling fee carrier

No VAT returns Seller

# Alternatives?

Can I ship DDP (direct shipment to EU country of consumer)? — then my carrier simply recovers the VAT from me (as the Seller) and I don't bother my customer with any VAT and handling charges



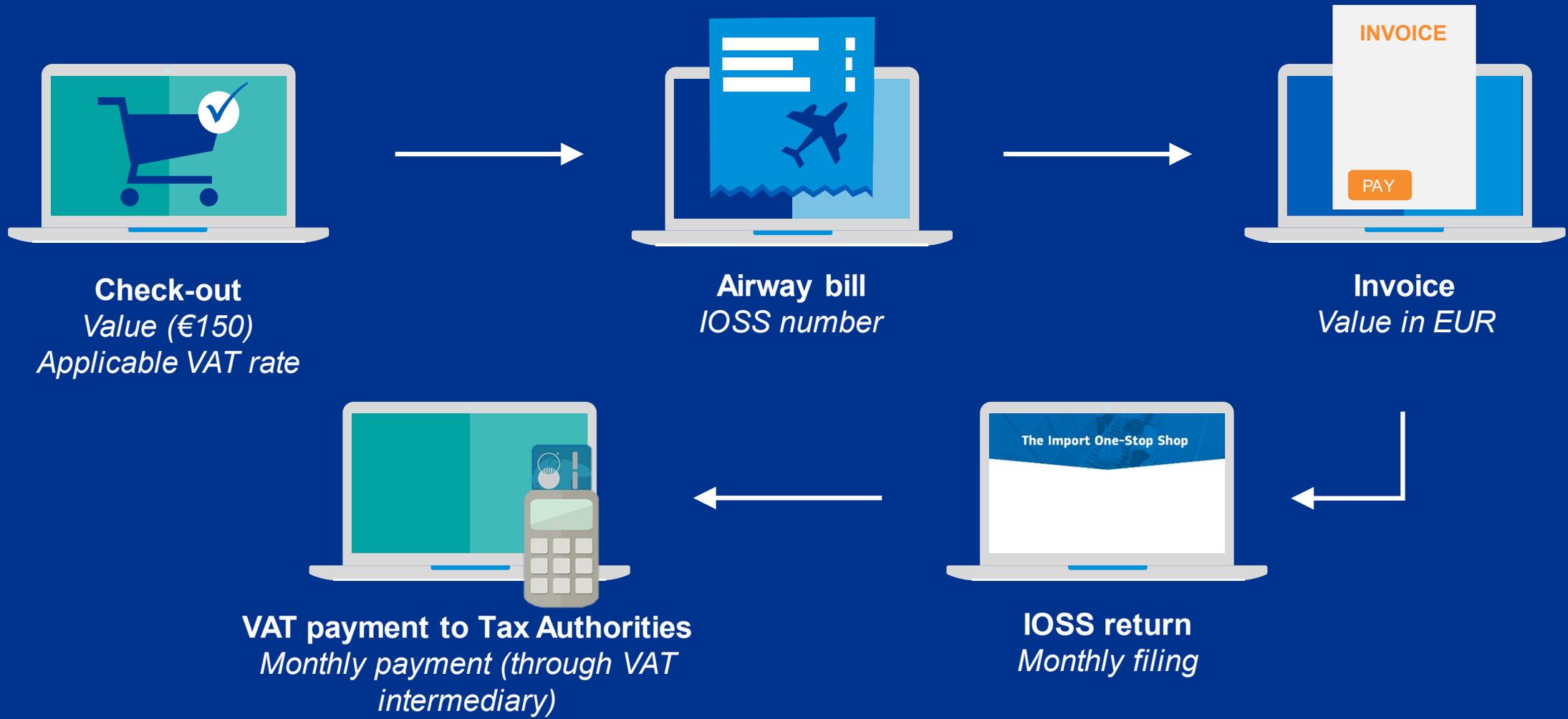
1

You'd in principle need a VAT registration in the EU country of importation

2

You'd need an "indirect customs representative" as a non-EU shipper

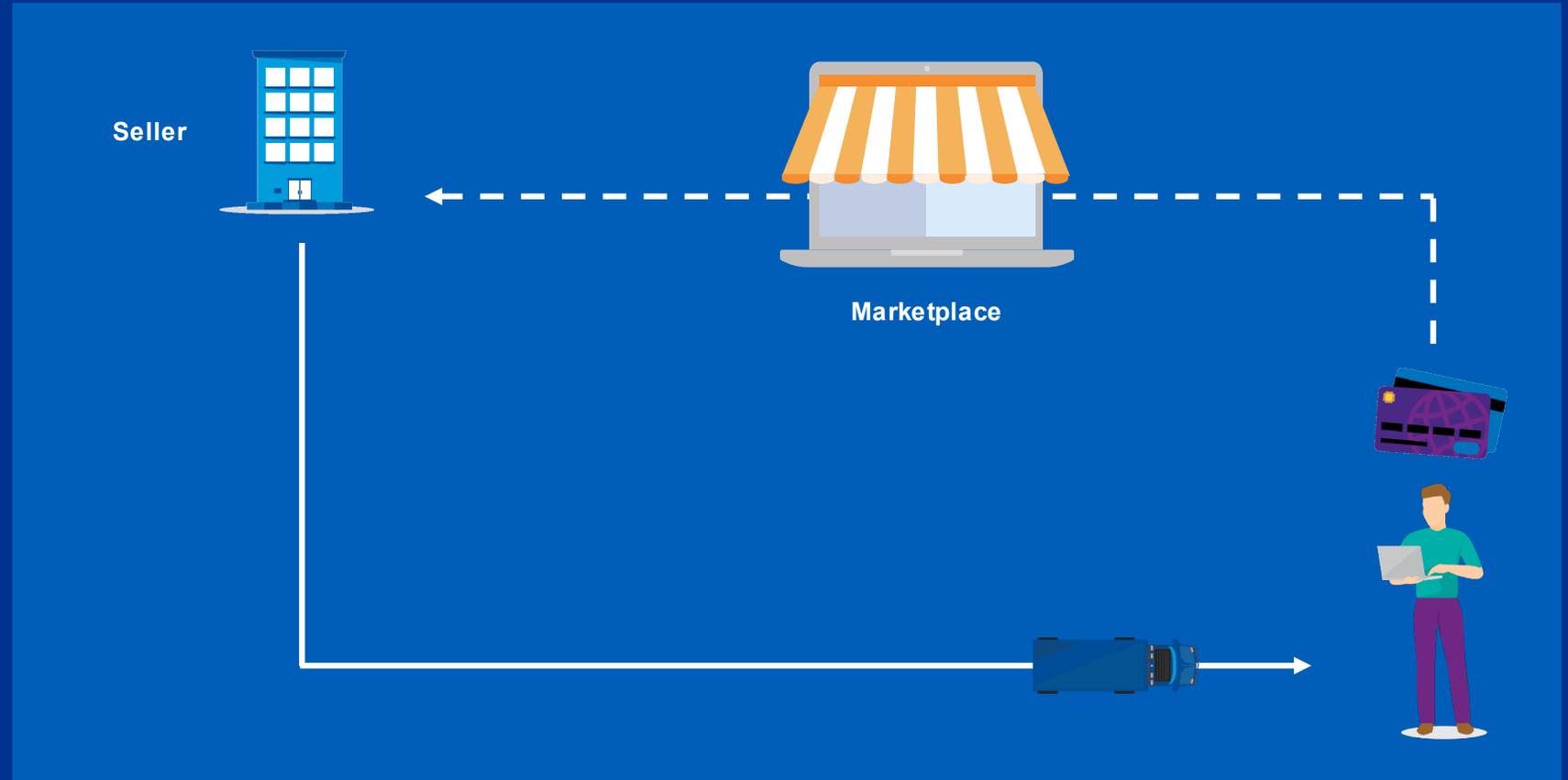
# IOSS in practice



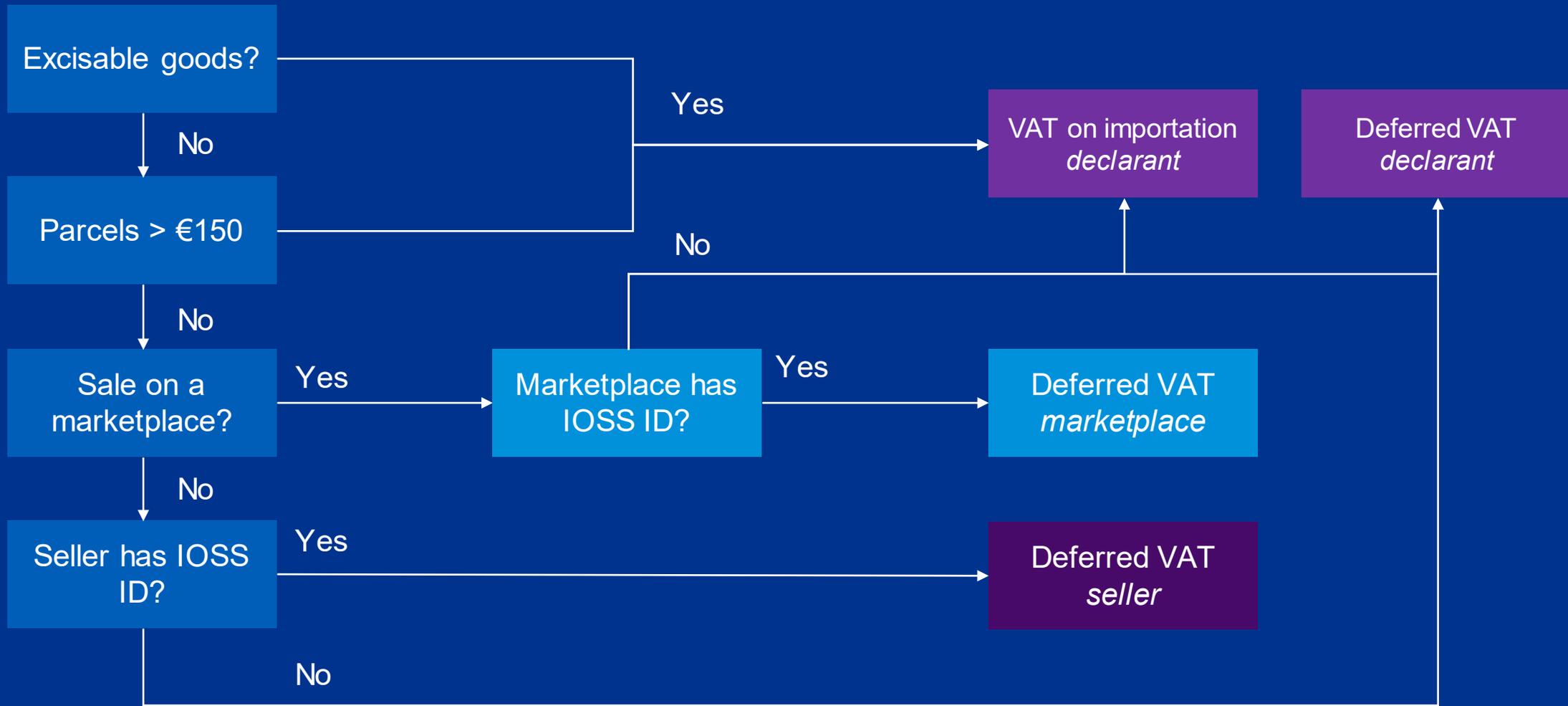
# Marketplace rules

## Case study 3

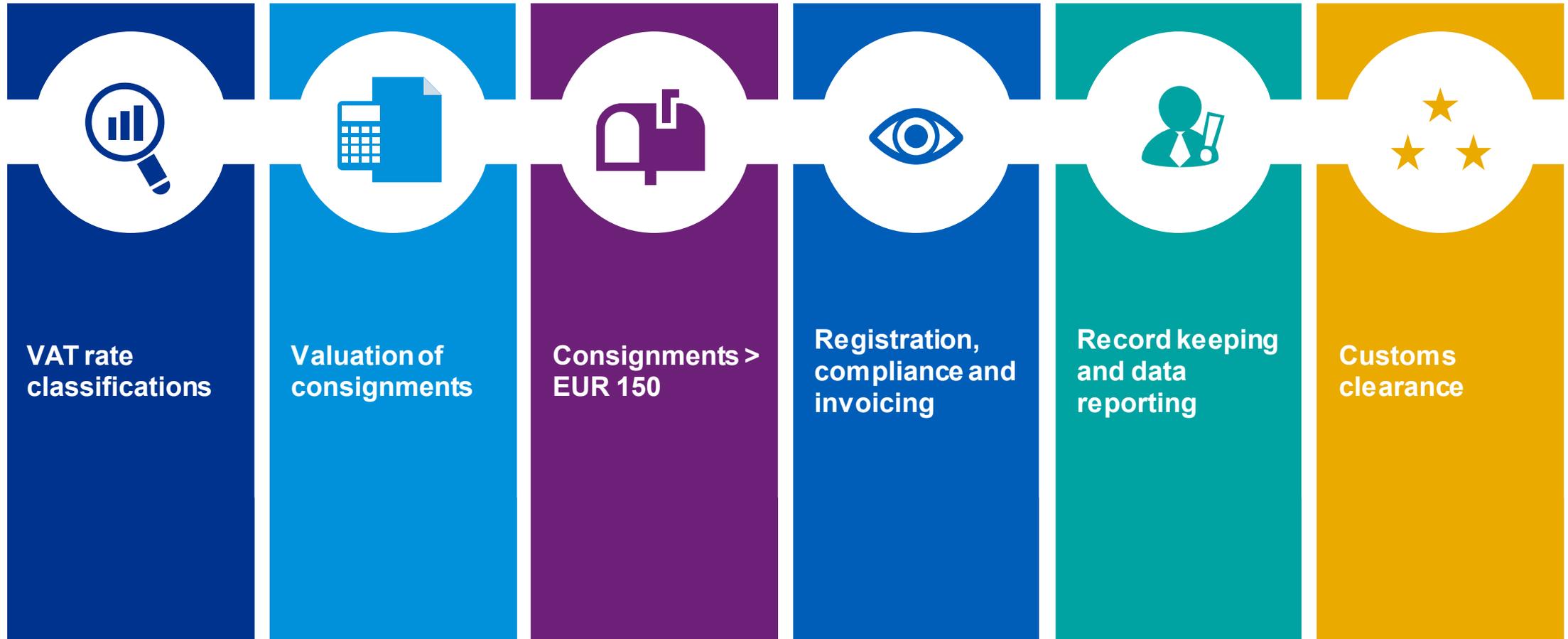
- (1) B2C import into the EU; (2) consignment value  $\leq$  EUR150; (3) marketplace has opted-in for IOSS
- (1) B2C sale within the EU; (2) seller located outside the EU



# Recap: who should collect VAT on B2C imports?



# Implementation issues





What are the  
key technology  
considerations?



# Key technology considerations

1

## — **Calculating VAT on sales into multiple jurisdictions**

How do I apply the correct VAT treatment on my sales?

How do I maintain multiple VAT rates in multiple countries for my product file?

2

## — **Invoicing**

Burden has eased — no need to set up invoicing on a local country level

Simplified rules for sellers to issue VAT invoices

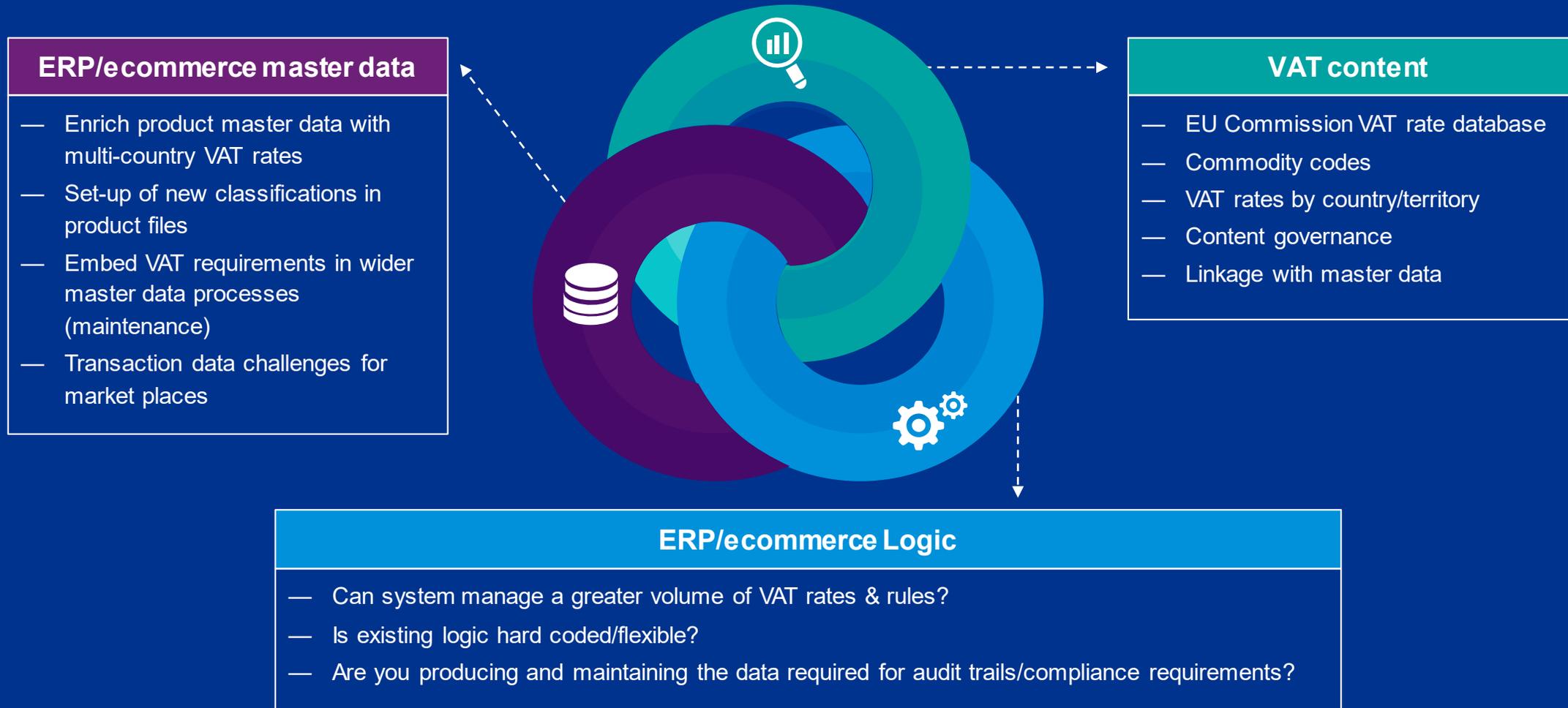
3

## — **VAT Compliance Reporting and Record-Keeping**

Compliance Burden has been eased — Can avoid filing in multiple countries through OSS

Need to ensure that sufficient data is captured as part of your ecommerce sales for audit trail purposes. Record-keeping period has extended (to 10 years for OSS/IOSS) and expanded for platforms

# Managing VAT calculation





What are the  
key compliance  
requirements?



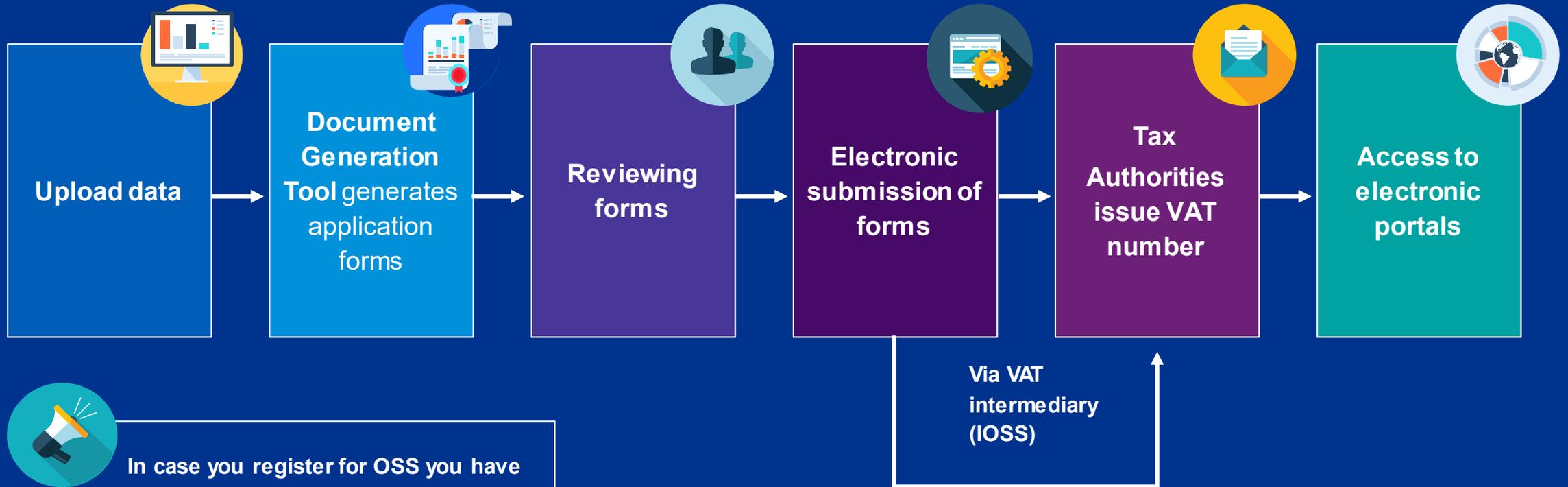
# Simplified VAT registration schemes

	One-Stop shop	Import One-Stop shop	Non-Union scheme
<b>Who?</b>	<ul style="list-style-type: none"> <li>— Merchants (EU/non-EU)</li> <li>— Online marketplaces (EU/non-EU)</li> </ul>	<ul style="list-style-type: none"> <li>— Merchants (EU/non-EU)</li> <li>— Online marketplaces (EU/non-EU)</li> </ul>	<ul style="list-style-type: none"> <li>— Non-EU service providers</li> <li>— Non-EU online platforms</li> </ul>
<b>Which supplies included?</b>	<ul style="list-style-type: none"> <li>— B2C intra-EU sales of goods</li> <li>— Online marketplaces only: B2C domestic sales of goods</li> <li>— B2C intra-EU services</li> </ul>	<ul style="list-style-type: none"> <li>— B2C imports of goods ≤ €150</li> </ul>	<ul style="list-style-type: none"> <li>— B2C services to recipients located in the EU</li> </ul>
<b>Which supplies not included?</b>	<ul style="list-style-type: none"> <li>— B2C domestic sales of goods (Merchants)</li> <li>— Intra-EU movements of stock to warehouses</li> </ul>	<ul style="list-style-type: none"> <li>— B2C imports of goods &gt; €150</li> <li>— B2C imports of excisable goods</li> </ul>	<ul style="list-style-type: none"> <li>— B2B services</li> <li>— Sales of goods</li> </ul>

# In which country should I register?

	One-Stop shop	Import One-Stop shop	Non-Union scheme
<b>EU business</b>	— Where you are established	— Where you are established	— Where you are established
<b>Non-EU business</b>	— EU ship-from country — Multiple EU ship-from countries? Then choose one of them	— Where your VAT intermediary is established	— EU country of choice

# How do I register?



In case you register for OSS you have to consider the deregistration process of your VAT IDs in the countries where you only registered as your distance selling threshold was reached

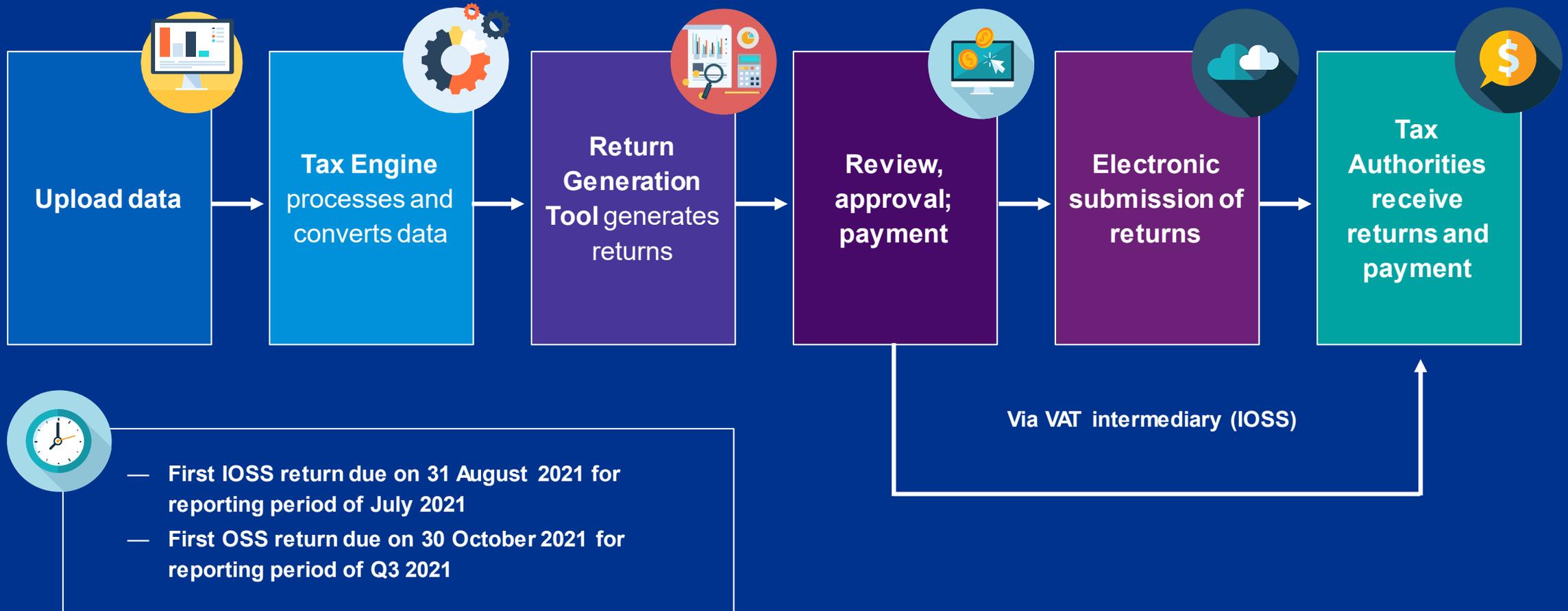
# End to end OSS and IOSS solution

The screenshot shows the KPMG website's landing page for VAT compliance. At the top, there's a navigation bar with 'Services', 'FAQ', 'English', 'Login', and 'Sign up'. The main heading states: 'KPMG provide cross-border e-commerce sellers an end-to-end VAT compliance solution in all 27 EU member states and beyond.' Below this, three main service areas are highlighted: 'Import One Stop Shop' (IOSS for low value goods imported into the EU), 'One Stop Shop (OSS)' (for intra-EU distance sales), and 'Local VAT' (for all 27 EU member states and other jurisdictions). Each area has a 'Learn More' link. A 'How does it work?' section follows, explaining that KPMG has developed a streamlined registration and compliance process. A 'Why KPMG?' section at the bottom notes that KPMG is the world's largest provider of indirect tax compliance services, submitting over 1 million indirect tax returns per year. A small text block at the bottom right mentions that KPMG has received a special IOSS attestation from the European Commission.

The screenshot shows the 'Business Details' registration form in the KPMG portal. The form is part of a multi-step process: 1. Business Details, 2. Legal Representatives, 3. Business Owners, and 4. Banking Information. The current step, 'Business Details', includes the following fields: 'Company Name\*' (filled with 'Bea Test'), 'Country of incorporation\*' (dropdown menu showing 'United Kingdom'), 'City\*' (filled with 'London'), 'Street name\*' (filled with 'Test'), 'Street number\*' (filled with '1'), and 'Postal/Zip code\*' (filled with '1111'). There is a 'Confirm and Finalize' button at the top right. Below the form, there is a section for 'Other VAT Related Questions' with a radio button for 'Add new VAT ID' and a question 'Is your business (or a subsidiary of your business) listed on a regulated stock market?' with 'No' and 'Yes' options. A 'Please upload an official certificate confirming your business activities\*' section contains a file upload button labeled 'Fájl kiválasztása | Nincs fájl kiválasztva'. A sidebar on the left contains 'Services', 'Business Details', 'Order History', 'Guides and Tutorials', 'FAQ', and 'Contact'. A language dropdown menu on the right shows 'English', 'Deutsch', 'Español', 'Italiano', 'Français', and '简体中文'.

- Sign up and questionnaire are already open
- Registration process after VAT intermediary registration can start
- IOSS registrations in NL and IE
- OSS and IOSS Portal for other customers in progress

# Simplified VAT returns





# Questions?





Thank you



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