

Grow your online business without VAT worries



Are you an eCommerce merchant based outside of the EU? Did you know that VAT is due on all items you sell into the EU?

The EU made significant changes in 2021 enabling merchants to charge and remit VAT on items imported into the EU.

When merchants charge VAT, it means buyers know the final price with no additional costs upon delivery. The orders will pass through customs faster as VAT is pre-paid, thus, reducing order returns.

Reporting VAT in lots of different EU countries could get quite complicated and cumbersome quickly, which is why the EU has introduced a scheme called the "Import One Stop Shop" (IOSS).

What is IOSS and is it relevant to my business?

Import One Stop Shop (IOSS) allows you to register with just one of the 27 EU tax authorities, and to submit one monthly IOSS VAT return to facilitate the right payment of VAT to the other EU tax authorities in the countries where your consumers are located. Getting IOSS ready can take numerous weeks and non-EU sellers may need to appoint an intermediary, so quick actions are needed if you are not yet setup.

According to recent data from the EU Commission, more than 90% of packages into the EU meet the criteria of low value consignment, and 94% of the suppliers of those packages are IOSS registered.

If you have no solution at all in place, your EU customers will have to pay the correct VAT plus handling/clearance fees before they can receive their parcel. This could result in your customers refusing delivery of the goods, especially if they weren't aware about this cost when they made the purchase. If customers refuse delivery this could increase the risk of your goods getting lost in transit and cause additional costs.

To avoid any stoppages or VAT charges for your EU customers, it is best to use IOSS. By signing up to the IOSS, your customers in the EU will only be charged at the time of purchase, so they will not be hit by any surprise fees upon delivery.

What solutions are available for IOSS?

If you are a business selling goods to consumers in the EU, there are assisted IOSS solutions to consider to support you in complying with VAT rules:

Taxamo Assure by Vertex - Per Parcel Model

A simple 'per parcel model' where Taxamo a Vertex company, acts as the 'deemed reseller' for you – allowing you to use its IOSS number to send parcels to consumers located in the EU for £2 per parcel. There is no need for you to register for IOSS and file tax returns, and this solution will allow you to comply with the new rules and ensure a smooth delivery experience for your customers. Once you have integrated the technology into your checkout, it does everything for you including automatically calculating the landed cost for you – so you know what to charge at the checkout.

IOSS Registration Service

A hassle-free IOSS VAT service, taking care on behalf of the seller the IOSS registration and monthly IOSS VAT filing and support –for a periodic fee plus a one-off registration fee. The IOSS service provider will get you set up and registered for IOSS and prepare and submit the seller's monthly IOSS VAT returns, supporting with all queries that arise along the way. This service is best suited to vendors that are sending larger volumes of parcels to consumers in the EU each year. The seller will also need to have an accounting system that is able at the point of sale to charge and collect the correct VAT applicable on the goods that are sold to consumers in the EU.

Taxamo Assure by Vertex

	Taxamo Assure by Vertex – Per Parcel Model	IOSS Registration & Filing Service
What does it involve?	<p>This is a hassle-free ‘per parcel model’ where a third-party (Taxamo) acts as the deemed reseller.</p> <p>You use the Taxamo IOSS number to send items to your customers in the EU with VAT paid.</p> <p>You pay a £2 per parcel fee.</p> <p>You don’t have to register or file for EU tax (Taxamo does all this).</p>	<p>Pay a one-off fee for registration, plus periodic fee to a service provider to support you in registering and filing IOSS VAT returns.</p> <p>Account for VAT and have the service provider complete monthly IOSS returns on your behalf.</p>
Why would you choose it?	<p>This is a great hassle-free solution for smaller senders – particularly those who send under 3000 parcels a year to the EU.</p> <p>To avoid the VAT management overhead - calculation, registration, filing and remittance.</p> <p>Streamlined customer journey with seamless VAT compliance integration from checkout to delivery.</p>	<p>Peace of mind if wanting to register yourself for IOSS. Simplifies the process of filing and registering for IOSS and helps with compliance.</p>
It may not be right if?	<p>You are sending a high volume of items (at a certain volume it might become cheaper to register for IOSS and manage your own returns).</p> <p>You already have the capability and expertise to register and file for IOSS independently.</p> <p>You only sell to the EU through marketplace(s).</p>	<p>This is a solution if you want to send higher volumes of items (3000+ a year) to consumers in the EU.</p> <p>You are prepared to install or already have VAT IT systems needed to calculate the VAT on sales to different EU countries.</p>

Let Taxamo Assure by Vertex help you keep selling with no VAT worries!

Embedding Taxamo Assure by Vertex into your checkout will ensure all orders below €150 become VAT compliant. With Assure, Taxamo will take on and manage the VAT liability, which means there’s no need for your business to register and file monthly VAT returns with the individual EU tax authorities. We also prepare and send the invoice to the buyer the invoicing in your existing online checkout, and file all the required VAT reporting for you.

How does Taxamo Assure do this?

Having Assure embedded into your checkout enables Taxamo to become the deemed supplier for VAT purposes enabling the EU’s Import One Stop Shop (IOSS).

Low-cost, pay-as-you-go

Cost for the Taxamo Assure service is £2 per-parcel regardless of your parcel weight or size. There’s no up-front fee for the service, and your cost scales as you grow. Once you register and integrate Taxamo Assure, just keep selling with no VAT worries!

Register for free today

Registration for Taxamo Assure is free. Visit www.taxamo.com/taxamo-assure for more information and to register today. If you would like to arrange a call to discuss IOSS or your options further, please email us at assuresupport@taxamo.com.

Proven Indirect Tax Technology Provider

Together, Taxamo and Vertex provide world-class indirect tax solutions. Taxamo cloud-based solutions are purpose-built for today's global e-commerce businesses who need to automate compliance and commerce across the entire value chain of cross-border transactions from merchant to seller to payer and revenue authority. Vertex brings 40+ years of research and technology experience automating the end-to-end global indirect tax process for businesses of all sizes. Vertex provides cloud-based and on-premise solutions that can be tailored to specific industries for indirect tax including U.S. sales and consumer use, value added (VAT), and payroll. For more information visit www.vertexinc.com, or call (833) 526-0026 (North America) or +44 (0) 20 3906 7630 (Europe/ROW).

IOSS – Frequently Asked Questions

When did the IOSS rules change happen?

The IOSS rules took effect 1 July 2021.

What is IOSS and who is it relevant for?

IOSS is the Import One Stop Shop. IOSS is a new special scheme for reporting distance sales of goods valued up to 150 EUR imported from outside the EU into the EU. From 1 July 2021, the low value consignment VAT relief threshold of €22 was abolished. This means that VAT is due on all goods imported into the EU regardless of their value. The purpose of the IOSS is to facilitate the declaration and payment of import VAT on low value goods (value up to 150 EUR). Under this scheme a supplier can charge VAT at the point of sale to the customer and declare and pay this VAT via a monthly return under the IOSS. To learn more about these IOSS rules click here

https://ec.europa.eu/taxation_customs/business/vat/ioss_en

What does the 150 EUR limit refer to?

Only goods shipped in a single package with a total price of up to 150 EUR would qualify for the IOSS. IOSS also excludes goods subject to excise duties (of any value). The 150 EUR refers to the price of the goods themselves when sold to the EU.

This excludes insurance and transport costs, unless these are already included in the price, and excludes any other taxes and charges.

Do parcels sent using IOSS incur a handling charge?

Parcels sent using IOSS should not typically incur a handling charge, however that may not always be the case.

What if I am selling via a third-party online marketplace?

If you're selling via a third-party online marketplace, in general the marketplace operator will be the deemed supplier and will use its IOSS registration for VAT reporting.

What rate of VAT will apply to my sales?

This will depend on the type of goods sold and the country in which the customer is based. In the EU the standard VAT rate currently ranges between 17% and 27%. However, a reduced rate may also be applicable for certain goods, which could range from 3% to 18% in the EU. You should seek specific advice on the VAT rate applicable to your sales if you are unsure of the correct rate to apply.

Do I need an intermediary?

As a non-EU seller, you will need an intermediary if you wish to use IOSS.

What is the deadline for the IOSS return?

You need to submit an IOSS return each month to the tax authority in the registration country. The return deadline is the end of the month after the reporting period.

How do I pay the tax due and what is the payment deadline?

The deadline for these payments is the end of the month following the reporting month, the same as the return deadline. As you are established outside the EU, you are registered through a VAT intermediary. You should make a monthly payment of VAT due as declared in the IOSS VAT return to the VAT intermediary at least a few working days prior to the payment deadline as instructed. The VAT intermediary will make the payment to the tax authority in the Member State of registration on your behalf.

Taxamo Assure by Vertex – Frequently Asked Questions

Will Taxamo Assure by Vertex streamline the process of shipping orders to EU buyers?

Taxamo Assure by Vertex will streamline the passage of parcels to buyers within the EU, along with streamlining the settlement of VAT collected from the purchase. Parcels that meet the requirements for IOSS will be registered as such, and this will notify customs that no additional VAT or duties needs to be collected. Customs authorities can inspect parcels for other reasons so Taxamo Assure will not eliminate border checks completely, but it should significantly reduce them.

How can Taxamo Assure by Vertex be liable for the VAT?

Under the VAT on ecommerce EU legislation, Taxamo is considered as an Electronic Interface and as such the deemed supplier for VAT purposes in connection with applicable sales.

Can Taxamo Assure by Vertex be used for B2B sales?

No, IOSS can only be used for B2C sales. Please note, you should obtain your customer's VAT number as evidence that they are a business customer (and therefore outside of the IOSS).

What is the key advantage of the Taxamo Assure by Vertex solution?

Taxamo Assure by Vertex will release you from your VAT calculation and reporting obligations. It improves customer experience while at the same time ensuring your brand recognition is not impacted.

What countries are supported with Taxamo Assure by Vertex?

All EU countries are supported. These are Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. Imports of goods into Northern Ireland are also supported. These countries are supported for the importation of consignments up to €150.

Will I have to register or file, or does Taxamo Assure by Vertex take care of everything?

Taxamo will take care of the transactions where Taxamo has the tax liability. Please consult your tax adviser with respect to your tax position, you may have obligations to register and account for VAT in the UK or other countries and for direct sales that do not pass through the Taxamo Assure platform.