



Moving VAT barriers on e-commerce

Luxemburg, 15th November 2018



VAT SOLUTIONS

VAT Barriers mostly result from an obsolete VAT environment



1967 : 1st and 2nd Directives

VAT as pan European indirect tax

1978 : 6th Directive 77/388/EC

Harmonized EU VAT rules

1993 : Directive 91/680/CE

Single market : VAT rules as currently applicable to-commerce

2003 : Directive 2002/38/CE

VATMOSS system for non EU taxable persons supplying electronically supplied services to EU private persons

2015 : Directive 2008/8/EC

Extension of the VATMOSS system to EU taxable persons supplying electronically supplied services to EU private persons

2016 : Action Plan for VAT

Including e-commerce aspects

2021 : Directive 2017/2455

Extension of the VATMOSS system to taxable persons supplying goods via internet

2022 ? : Draft of Directive (05/2018)

New VAT system based on destination principle



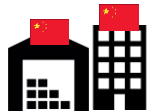
Current VAT rules on e-commerce non Union goods

Imported goods (drop shipments)

Non EU goods

VAT relief for low value shipments (< 22 EUR)

BUT if the seller imports the goods into the European Union, VAT applies on the sale the same way than for EU goods



Value < 22 EUR

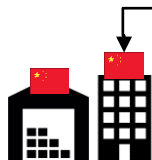
Invoice without VAT, No VAT due



Unfair competition for EU sellers

Value > 22 EUR

Invoice without VAT, VAT due by the consignee



Any value

Invoice with VAT



Current VAT rules on e-commerce of Union goods

EU goods

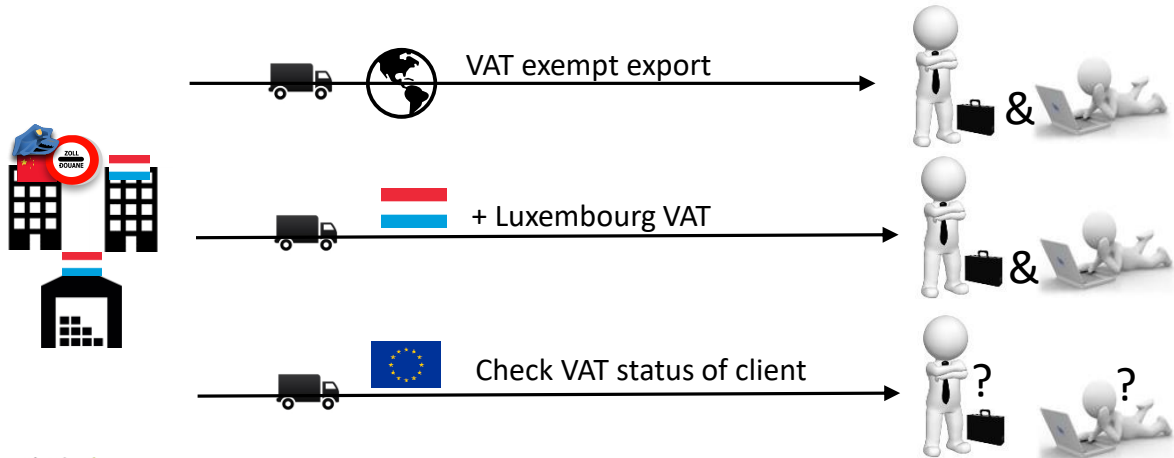


No VAT relief for low value EU shipments

VAT treatment depends

1° on the destination (EU/non EU)

2° if EU destination : on the VAT status of the client (VAT taxable person or not)



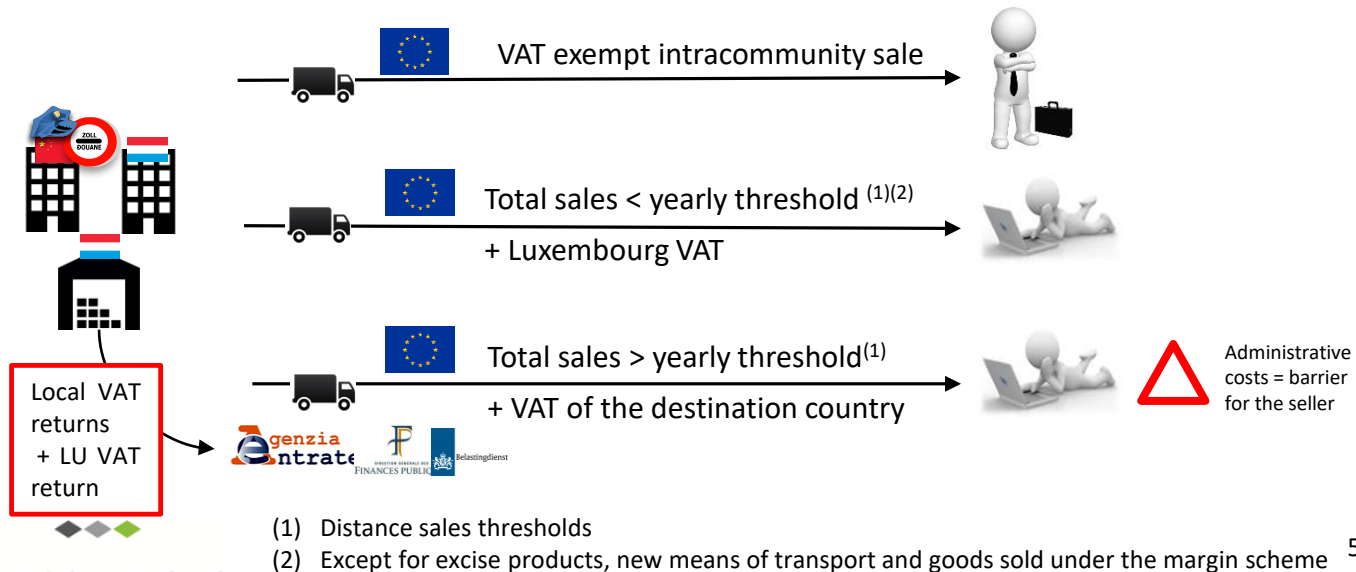
Current VAT rules on e-commerce of Union goods

Article 34 of the Directive 2006/112/EC

EU goods

Sold to VAT taxable person (B2B) : same VAT treatment than for « standard » sales

Sold to non VAT taxables person (B2C) depends on the yearly volume of sales to a given EU destination country



Current VAT rules on e-commerce

Distance threshold per country

Pays	Seuil des ventes à distance	TVA	Pays	Seuil des ventes à distance	TVA
Austria	35 000 EUR	20%	Lithuania	35 000 EUR	21%
Bulgaria	70 000 BGN (+/- 35 791 EUR)	20%	Luxembourg	100 000 EUR	17%
Croatia	270 000 HRK (+/- 36 291 EUR)	25%	Hungary	35 000 EUR	27%
Czech Republic	1 140 000 CZK (+/- 44 873 EUR)	21%	Malta	35 000 EUR	18%
Denmark	280 000 DKK (+/- 37 595 EUR)	25%	Netherlands	100 000 EUR	21%
Germany	100 000 EUR	19%	Poland	160 000 PLN (+/- 37 859 EUR)	23%
Estonia	35 000 EUR	20%	Portugal	35 000 EUR	23%
Ireland	35 000 EUR	23%	Romania	118 000 RON (+/- 25 305 EUR)	19%
Greece	35 000 EUR	24%	Slovenia	35 000 EUR	22%
Spain	35 000 EUR	21%	Slovakia	35 000 EUR	20%
France	35 000 EU	20%	Finland	35 000 EUR	24%
Italy	35 000 EUR	22%	Sweden	320 000 SEK (+/- 31 390 EUR)	25%
Cyprus	35 000 EUR	19%	United Kingdom	70 000 GBP (+/- 80 197 EUR)	20%
Latvia	35 000 EUR	21%	Source : European Commission (April 2018)		



Future VAT rules on e-commerce of Union goods

Starting 1st January 2021

EU goods

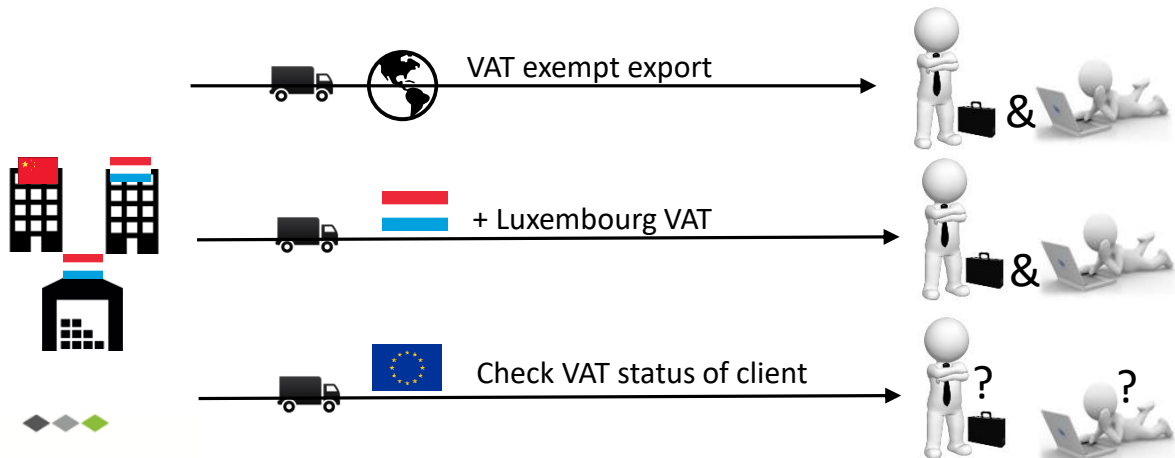


No VAT relief for low value EU shipments

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Future VAT rules on e-commerce of Union goods

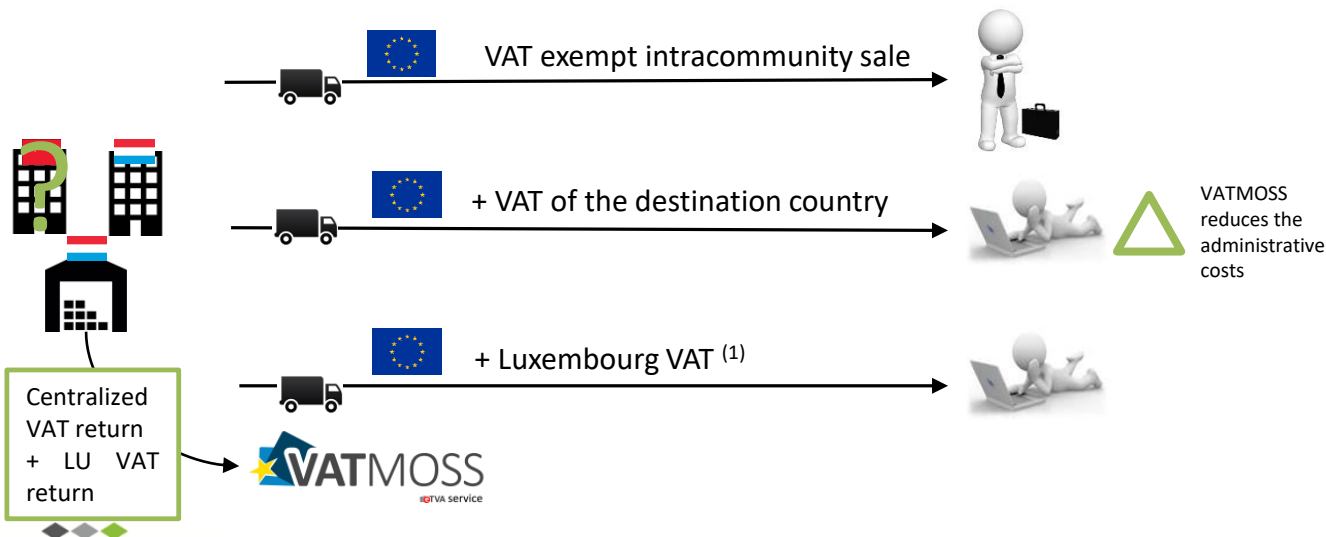
Starting 1st January 2021

New article 33.a. & 369a and following of the Directive 2006/112/EC

EU goods

Sold to VAT taxable person (B2B) : same VAT treatment than for « standard » sales

Sold to non VAT taxables person (B2C) : **VAT of the destination country**



Future VAT rules on e-commerce of Union goods

Starting 1st January 2021

New articles 369a and following of the Directive 2006/112/CE



LU
VAT

Other
EU
VAT



Centralized
return + payment
in Luxembourg



Payment of VAT by
Luxembourg
authorities to the other
Member States



Luxembourg VAT return

No longer need to register for VAT abroad ?
INTRASTAT declarations abroad



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Administration de l'enregistrement,
des domaines et de la TVA



Future VAT rules on e-commerce of Union goods

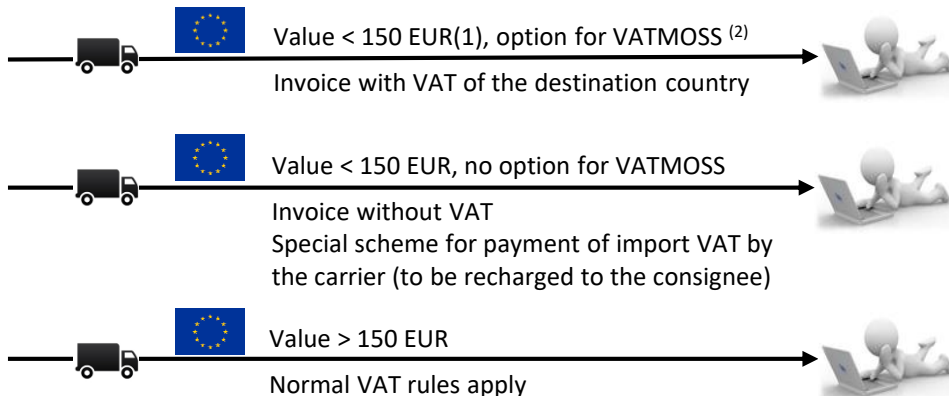
Imported goods (drop shipments)

New articles 33 and 369I and following of the Directive 2006/112/CE

Non EU goods

Abolishment of the VAT relief for low value shipments (< 22 EUR)

Special scheme for imported goods



(1) Exclusion of excise goods

(2) The use of the VATMOSS by non EU companies requires the appointment of an EU-established intermediary

Questions ?



Thank you for your attention

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