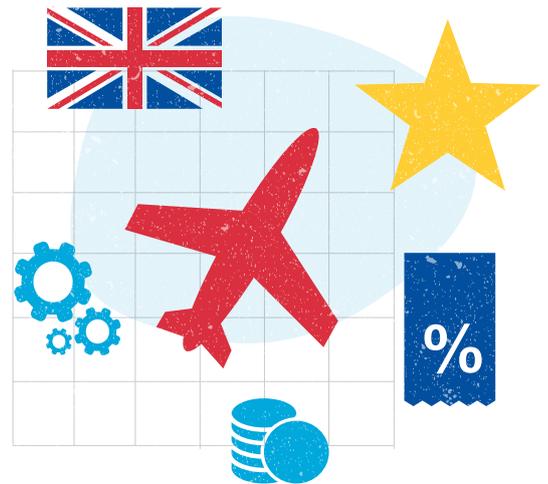


# Import 'One Stop Shop' Scheme (IOSS)

From 1 July 2021 the value added tax (VAT) exemption for the importation of goods with a value not exceeding €22 will be removed. As a result, all goods imported to the EU will be subject to VAT where applicable.

The Import One-Stop Shop (IOSS) was created to facilitate and simplify the declaration and payment of VAT for distance sales of imported goods with a value not exceeding €150. This limit was used as under this value there is also an exemption for customs duties, so VAT is the main tax to deal with at import.



## What is IOSS, and what does it do?

The IOSS facilitates the collection, declaration and payment of VAT for sellers that are making distance sales of imported goods to consumers in the EU. The IOSS makes the process easier for the buyer, who is only charged VAT at the point of sale by the supplier, and therefore does not face any unexpected fees/charges when the goods are delivered. If the supplier is not registered for the IOSS, then depending on the terms of trade, either the buyer has to pay the VAT and any clearance fees charged by the courier or the seller may need to VAT register in the country of destination and deal with the import VAT and charge local VAT on the sale.

## Does IOSS account for all supplies to EU consumers, regardless of value etc?

The IOSS covers distance sales of goods that are:

- *Dispatched or transported from outside of the EU at the time they are sold*
- *Dispatched or transported in consignments with a value not exceeding EUR 150*
- *Not subject to excise duties (typically applied to alcohol or tobacco products)*

## In which EU member state can I register for IOSS?

When you are established in the EU i.e. you have either a business or fixed establishment in the EU then you must register there. However, if you are not established in the EU you can choose which EU member state to register for IOSS.

You will be registered with effect from the date the EU member state issues you with your VAT IOSS identification number.

Each EU Member State will have an online IOSS portal where businesses can register.

## How do I calculate the value of my goods to see if they exceed the €150 limit?

This is calculated with reference to the price of the goods but;

*Excluding:* transport and insurance costs, unless included in the price and not separately itemised

*Excluding:* any other costs itemised separately on the invoice (e.g. tooling costs, licence fees)

*Including:* any other taxes and charges as ascertainable by the customs authority

## In basic terms, how does the IOSS process work?

Once registered for IOSS, you will be required to charge VAT at the point of sale based upon where your customer belongs (e.g. if you are selling eligible IOSS goods to a French customer, you will be required to charge French VAT at the point of sale).

On sending the goods to your customer, you will label the goods which clearly show your IOSS ID number and will include a less detailed customs declaration.

Customs, at the country of destination, will verify the IOSS ID number before allowing the goods to continue their journey to your customer.

The VAT you have collected at the point of sale, will need to be declared on your IOSS return. The IOSS return, and payment of the VAT, will need to be made to the fiscal authorities of the EU member state where you have registered for IOSS.

## How do I account for, and pay, the VAT collected at the point of sale?

You will declare all IOSS eligible supplies on your one IOSS return – so if you made eligible supplies to each of the 27 EU member states, you declare all of these on the one IOSS return.

If you were registered for IOSS in Ireland. You will be required to submit a monthly IOSS return to the Irish authorities along with the VAT collected at the point of sale. The Irish authorities will then distribute the VAT payment you have made to each EU member state shown by your IOSS return, in the amounts shown by your IOSS return.



## Do I require an intermediary if I register for IOSS?

The EU has advised that any country with which the EU has concluded an agreement on mutual assistance for the recovery of VAT (e.g. Norway but may include the United Kingdom) the business is not required to appoint an intermediary to be able to use the Import Scheme.

However, if the business imports goods from other third countries with whom the EU do not have an agreement on mutual assistance for the recovery of VAT, the business is required to appoint an intermediary.

For example, if a business only imports goods from a mutual assistance country, no intermediary is required. But if the business imports goods from that country and China, then intermediary is required (because no mutual assistance agreement concluded between EU and China). As of 2 June 2021 the EU have not confirmed that the UK will be able to avoid the intermediary requirement.

## What options are available if I choose not to register for IOSS?

Currently the registration of IOSS is optional. You can continue with your current arrangements where you treat your supply as an export. However, for the import, either you will need to register in the destination country, or your customer will have to pay the import VAT and any handling charges.

If you avoid the IOSS registration, parcel operators can adopt 'special arrangements' where they pay the VAT to the appropriate fiscal authority, and collect this from the end customer. You may wish to discuss this with the parcel operator responsible for your deliveries of goods. Even under these 'special arrangements' the onus for paying the VAT lies with your customer (including any handling charges which may still be imposed under these arrangements).

## I sell goods to EU consumers from the UK, through an online marketplace (OMP) – does this change anything?

Where an OMP facilitates a supply of eligible goods which are located outside the EU at the point of sale, the OMP becomes the 'deemed supplier'. In basic terms, this means you have sold the goods to the OMP, and the OMP are then selling the goods to the end customer.

Your supply to the OMP will be zero rated (with a right of VAT deduction), the OMP will then charge VAT to the end customer and the OMP will account for this through the IOSS process on the OMP's own IOSS return.

## What VAT rate do I charge to my customers?

You will need to charge the VAT rate applicable in the country of the customer/destination country, this may require you to update your website prices accordingly. It can be difficult to understand all the different rules and we would recommend seeking advice as soon as possible on this.

## How we can help?

We have experience in assisting businesses in international trade and can review which schemes would be advantageous to utilise. We are part of a global network and have associated firms across Europe who will be able to assist with any registration requirements, submission of returns and queries on VAT rates applicable.

## Contact us

Should you have any specific queries or require any further assistance please contact the VAT, Customs and Indirect Tax team at [VATAdvice@pkf-francisclark.co.uk](mailto:VATAdvice@pkf-francisclark.co.uk) and a member of our team will contact you.