

Selling into Europe: Frequently Asked Questions - FAQs

SELLING INTO EUROPE: HELPING YOU GET READY FOR THE EU'S VAT CHANGES

These FAQs are for ecommerce businesses based in the Bailiwick of Guernsey sending goods into Europe.

What has changed for sales into Europe?

The Low Value Consignment Relief on goods valued under €22 sold into Europe, will be discontinued from July 2021. This means that all import items sold into Europe will be subject to VAT regardless of their sale value.

From when are the rules changing?

The rules will take effect from 1 July 2021.

What if I am selling via an online Marketplace?

If you are selling via an online Marketplace (such as Amazon or eBay) this Marketplace will be the deemed supplier and will use its IOSS (see below for information on the IOSS) registration for VAT reporting. Please check with your Marketplace to find out what steps you need to take to ensure your goods are marked as VAT pre-paid.

What are the options for my business?

Please see our IOSS and Assisted Solutions guide on our web page to help you decide which option is right for your business.



What is the Import One Stop Shop (IOSS)?

The Import One Stop Shop (IOSS) was created to simplify the declaration and payment of VAT for imported goods with a value not exceeding €150 and re-establish fair competition between European and non-European ecommerce retailers.

Under this scheme a supplier selling goods from a non-European country to customers in the EU, can charge VAT at the point of sale to the customer and declare and pay this VAT via a monthly return under the IOSS.

What is the benefit of using IOSS?

IOSS enables a more efficient shopping experience for buyers who are only charged at the time of purchase and can avoid extra fees when the goods are delivered. As a seller, you can charge tax and duties at check-out, for sales to any EU country, and then declare these amounts with local customs and authorities via the IOSS.

How do you register for the IOSS?

A non-EU established supplier must register for the IOSS indirectly through the appointment of an intermediary. The registration of the supplier will be done through the intermediary they have appointed to represent them.

After registration in the IOSS, a supplier will be issued an IOSS identification number. It is important that this number is kept confidential, but it is essential that it is declared on your electronic customs declaration.

Where can I learn more about IOSS?

The EU has published information regarding IOSS [here](#). The UK Government has published information regarding the 1st July rule changes [here](#).

Do parcels sent using IOSS incur a handling charge?

No. Parcels sent using IOSS should not incur a handling charge.

Can IOSS be used for business-to business sales?

No, IOSS can only be used for business to customer 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).

Can you recommend any assisted solutions?

We are not able to make recommendations for assisted solutions, but we are aware of the following companies offering an intermediary service for IOSS:

Taxamo Assure offer a pay-as-you-go option, acting as the 'electronic interface' for you enabling you to use its IOSS number to send parcels to consumers located in the EU. The option may suit business sending small volumes of parcels to consumers in the EU.

Deloitte offer an IOSS registration and Filing service which provides you with an IOSS number, enabling you to send parcels with the VAT prepaid and declared. This option may suit businesses sending high volumes of parcels to consumers in the EU.

Avalara offer an IOSS registration and Filing service which provides you with an IOSS number, enabling you to send parcels with the VAT prepaid and declared. This option may suit businesses sending high volumes of parcels to consumers in the EU.

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.

What does the €150 limit refer to?

Only goods shipped to a consumer in a single consignment with a total price of €150 or below qualify for the IOSS. IOSS also excludes goods subject to excise duties (of any value). The €150 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.

Are Harmonised System (HS) codes required for sending goods into Europe?

The more accurate the data on the customs declaration, the better for the ease of customs clearance. It is recommended that the correct HS classification is included on the items. To check the correct HS classification see the World Customs Organisation Website [here](#).