

VAT eCommerce Rules - Overview

This document should be read in conjunction with Council Directive (EU) 2017/2455, Council Directive (EU) 2019/1995 and Council Implementing Regulation (EU) 2019/2026.

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Introduction

The purpose of this guidance is to outline the VAT rules for cross-border business-to-consumer (B2C) eCommerce activities in the EU effective from 1 July 2021.

1. Overview

A number of important amendments were made to the VAT Directive to simplify VAT obligations as regards eCommerce activities. These changes entered into force on 1 July 2021.

These amendments significantly changed the way VAT operates for cross-border business-to-consumer (B2C) eCommerce activities in the EU.

The main changes that entered into force on 1 July 2021 were as follows:

- Extension of the VAT Mini One Stop Shop (MOSS) to a One Stop Shop (OSS)
- The treatment of Online Marketplaces and Platforms as deemed suppliers for certain transactions
- Introduction of a new Import One Stop Shop (IOSS)
- Introduction of Special Arrangements for certain imports of goods.

The changes made to the VAT Directive were transposed into Irish law through a Regulation made under section 3 of the European Communities Act 1972.

1.1 Extension of the VAT Mini One Stop Shop (MOSS)

VAT MOSS applied only to the supply of telecommunications, broadcasting and electronic (TBE) services. However, from 1 July 2021, VAT MOSS was extended to a One Stop Shop (OSS). The two schemes covered by MOSS, the Union scheme and Non-Union scheme, remained in place, but their scope was extended.

1.1.1 Non-Union Scheme

The [Non-Union Scheme](#) was extended to cover all B2C services supplied by non-EU suppliers to customers in the EU. This scheme can be used by suppliers who are taxable persons who have not established their business in the EU and do not have a fixed establishment in the EU.

In certain circumstances, non-EU suppliers may be permitted to use the scheme even where they have a VAT registration in the EU. This will only be permitted where that EU VAT registration relates to supplies other than B2C services.

Where a supplier opts to use the Non-Union scheme, then the scheme must be used to declare and pay VAT for all eligible supplies of services in the EU.

1.1.2 Union Scheme

The [Union Scheme](#) was also extended and applies to non-EU and EU established suppliers for different types of supplies.

EU established suppliers can use the scheme to report all B2C services supplied to customers in the EU and to declare VAT due on intra-EU distance sales of goods.

Suppliers established outside of the EU can only use the Union scheme to declare and pay VAT due on intra-EU distance sales of goods. The VAT due on any B2C services supplied in the EU by a non-EU supplier is not covered by this scheme but can be remitted through the Non-Union scheme.

Intra-EU distance sales of goods are sales of goods which are located in one Member State and sold by the supplier to a non-taxable person in another Member State. The goods in question will either be produced in the EU or in free circulation in the EU before the sale.

As a limited and specific exception, the VAT due on certain domestic supplies of goods can also be declared through the Union scheme. This exception only applies where there is a domestic supply of goods sold through an online marketplace or platform making the supply as a deemed supplier.

1.2 The role of online marketplaces and platforms as [deemed suppliers](#)

New rules were introduced for online marketplaces and platforms facilitating supplies of goods in the EU. Where online marketplaces or platforms are facilitating certain supplies of goods, they will be deemed to be making the supplies themselves. As such, the online marketplace or platform will be responsible for accounting for the VAT on those supplies.

This means that the supply of goods from an underlying supplier to an end customer, through an online marketplace or platform, will be artificially split into two supplies:

- a supply from the underlying supplier to the online marketplace or platform and
- a supply from that online marketplace or platform to the customer.

An online marketplace or platform will be deemed to be making the supplies when they facilitate the following transactions:

- the importation of goods from outside the EU in consignments of an intrinsic value not exceeding €150 regardless of where the underlying supplier is established and/or
- intra-EU distance sales of goods and domestic supplies of goods, regardless of the value of the goods, but where the underlying supplier is established outside of the EU.

Where an online marketplace or platform is deemed to be making supplies of goods, they will be treated as any other supplier of goods.

The online marketplace or platform can therefore opt to register to apply the Union scheme or the IOSS or both, depending on the supplies they are making. The rules of those schemes apply in the same way to that online marketplace or platform as they do to other suppliers using those schemes.

1.3 Import One Stop Shop (IOSS)

The VAT exemption for goods in small consignments of a value of up to €22 was abolished with effect from 1 July 2021. From that date, all goods imported into the EU are subject to VAT, irrespective of their value. The customs duty exemption for goods of up to an intrinsic value of €150 which are imported into the EU did not change.

The [Import One Stop Shop \(IOSS\)](#) was introduced to simplify the importation of low value goods into the EU. Low value goods are goods that are imported into the EU from a third country in consignments that do not exceed an intrinsic value of €150, excluding goods that are subject to excise duty. The use of the IOSS is not mandatory for business.

This scheme allows suppliers importing goods into the EU to declare and pay the VAT due on those goods by submission of a monthly return via the IOSS in the Member State where they have registered for the scheme. Where the IOSS is used, the supplier will charge VAT to the customer at the time of the supply and the goods will not be subject to VAT at the time of importation.

The IOSS can be used by both Non-EU and EU established suppliers. EU suppliers can register for the IOSS directly in their own Member State or can choose to appoint an intermediary. Non-EU suppliers must register through an EU established intermediary, unless they are established in a third country that has a mutual assistance agreement with the EU and the goods in question are supplied from that country.

1.4 Special Arrangements for certain imports of goods

[Special arrangements](#) were introduced for goods in consignments of an intrinsic value not exceeding €150, excluding goods subject to excise duty.

These arrangements are designed in particular for postal operators, express carriers or other customs agents in the EU who typically declare low value goods for importation, either as direct or as indirect customs representatives.

Under the Special Arrangements, the VAT due on import is collected from the customer by the operator and remitted to Revenue. The arrangements are aligned to the customs provisions on deferred payment, and they allow for a deferred payment of VAT on the same basis.

Where the Special Arrangements are availed of, the postal operator or express carrier will be required to apply the standard rate of VAT to all consignments covered by those arrangements.

The use of these arrangements is optional, and they can only be used where the IOSS has not been availed of for the importation of the goods.

2 Further Information

More detailed guidance on these changes is available on [Revenue's website](#). Detailed explanatory notes prepared by the European Commission in consultation with Member States and business are available in the [Explanatory Notes on VAT eCommerce rules](#).