

New VAT Rules for Cross-Border E-Commerce

By Edith Huber-Wurzinger

E-commerce is one of the cornerstones of the Digital Single Market strategy of the EU. New VAT rules for online sales of goods and services should simplify the VAT obligations for companies, and also ensure that VAT on such supplies is paid correctly to the member state (MS) of the customer, in line with the principle of taxation in the MS of destination.

The regulations covering telecommunications, broadcasting and electronic (TBE) services already entered into force in 2015. They introduced a simplified system (Mini One Stop Shop – MOSS) to declare and pay VAT on B2C supplies of TBE. The second package of measures (VAT e-commerce package) is being implemented gradually:



Since January 2019 (in Austria), intra-EU cross-border supplies of TBE services up to a turnover of EUR 10,000 remain subject to the VAT rules of the MS of the supplier. A turnover threshold of EUR 100,000 was introduced, up to which the vendor must only keep one piece of evidence to identify the MS of the customer. For invoicing,

the rules of the MS of identification of the supplier are now applicable.

From 2021, businesses operating electronic interfaces such as marketplaces or platforms will, in certain situations, be deemed for VAT purposes to be the supplier of goods sold to customers in the EU by businesses using the platform. Consequently, they will have to collect and pay the VAT on these sales.

Also starting in 2021, the (M)OSS will be extended to all types of cross-border B2C services and, within the Union scheme, also to intra-EU distance sales of goods. For distance sales up to a value of EUR 150, an import scheme will be created that allows the seller to charge the VAT at the point of sale to EU customers and declare and pay that VAT within the OSS. For such goods there will be an import VAT exemption. The current distance-sales threshold, and the VAT exemption for goods in small consignment, will be abolished.

The new regulations will lead to an increase in VAT revenues of the MS, and to a reduction in cross-border, VAT compliance costs for businesses and fairer competitive conditions.

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Gaedke & Angeringer Steuerberatung in Graz, Austria, offers professional support on all issues pertaining to taxation, accounting, business management, social security and labour law and uses state-of-the-art technology and a strong base of knowledge to advise clients of every legal structure and from all economic sectors.

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