NEW VAT RULES FOR SMALL BUSINESSES

18 February 2020

HOW WILL THE NEW VAT EXEMPTION WORK

Place of taxation is where consumption takes place

<table>
<thead>
<tr>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country A: Exemption</td>
<td>Country A: Exemption</td>
</tr>
<tr>
<td>Country B: No exemption</td>
<td>Country B: Exemption</td>
</tr>
</tbody>
</table>

EXEMPTION WILL APPLY IF:
• turnover in Country B is below the national threshold in Country B
• annual turnover in the EU is below € 100,000

OPENING OF THE SME EXEMPTION
Small business will be able to use the exemption in Member States in which they are not established. For this purpose they will be able to use the single registration window in their own Member State. In this way they will be able to take full advantage of the internal market.

SIMPLIFYING VAT OBLIGATIONS
New simplifications will apply for exempt small businesses.

WHAT ARE THE THRESHOLDS?

- € 85,000 of annual turnover in one EU Member State
  Maximum national exemption threshold
- € 100,000 of annual turnover in the EU
  Eligibility condition for small businesses established in another EU Member State

SIMPLIFYING VAT OBLIGATIONS
VAT exempt small business

Simplified:
• registration
• reporting

Taxation and Customs Union