MAKING VAT RULES WORK FOR ONLINE BUSINESSES

Modern and simpler VAT rules for businesses selling goods and services online cross-border within and to the EU.

Companies can declare and pay VAT on their sales in the entire EU in a single quarterly, electronic return.

Making it easier for online businesses to access other markets.

Allowing companies with total cross-border sales of less than €10,000 to take care of their VAT as if they were selling at home.

Ensuring EU businesses are on an equal VAT footing with non-EU competitors.

Enabling Member States to apply the same VAT rates to e-publications as they do for their printed equivalents.

DID YOU KNOW?

Online sales in the EU are worth €550 billion a year – €96 billion of which is cross-border.

The new rules will raise €7 billion in VAT revenues for Member States from 2021.

A new system for cross-border VAT collection on online goods and services will give 430,000 businesses better access to EU trade.

"We are delivering on our promises to unlock e-commerce in Europe. We have already proposed to make parcel delivery more affordable and efficient, to protect consumers better when they buy online and to tackle unjustified geo-blocking. Now we simplify VAT rules: the last piece in the puzzle. Today’s proposal will not only boost businesses, especially the smallest ones and startups, but also make public services more efficient and increase cooperation across borders."

Andrus Ansip  Vice President for the Digital Single Market

"Online businesses operating in the EU have been asking us to make their lives simpler. Today we’re doing just that. Companies big and small that sell abroad online will now deal with VAT in the same way as they would for sales in their own countries. That means less time wasted, less red tape and fewer costs. We’re also simplifying rules for micro-businesses and startups, allowing them to tap new markets more easily. Our proposals mean that European governments stand to gain an additional €100 million a week to spend on services for their citizens."

Pierre Moscovici  Commissioner for Economic Affairs, Taxation and the Customs Union
HOW DOES THE 'ONE STOP SHOP' ONLINE VAT PORTAL WORK?

The One Stop Shop is an online portal which simplifies VAT obligations for businesses selling goods and services to consumers throughout the EU, allowing them:

- to register for VAT electronically in a single Member State for all sales of goods and services;
- to declare and pay the VAT due on all these sales of goods and services in a single electronic quarterly return;
- to work with the tax administration of their own Member State, and in their own language, even though their sales are cross-border.

WHAT IMPACT WILL OUR PROPOSALS HAVE?

A drop in VAT compliance costs of €2.3 billion a year: a huge plus for businesses, especially SMEs and start-ups.

95% less administrative burden for online businesses handling cross-border VAT.

Improves competitiveness of EU business and fosters cross-border trade.

THE SYSTEM IS PROVEN. IT WORKS.

1. This system, known as the Mini One Stop Shop, is already in place for companies selling e-services across borders within and to the EU since 1 January 2015.

2. It’s now being extended to help online companies selling goods and other services cross-border.

3. The One Stop Shop is complemented by an online information portal for sellers, which is consulted nearly 17 000 times a month. The portal will be enhanced in early 2017 to make it more user-friendly for thousands of businesses. This portal will also play an integral role in the move to the One Stop Shop.