Proposal to simplify collection of VAT on e-commerce goods

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EU proposes simplified import VAT arrangements for trade in e-commerce goods

Proposal for a Council Directive amending Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for declaration and payment of import VAT

Update

A simplified Import One-Stop Shop (IOSS) already exists that allows upfront collection of value added tax (VAT) on e-commerce goods at the time of supply instead of on importation. This IOSS is currently only available in relation to goods with a value of less than €150. The Commission now proposes to allow the use of the IOSS for goods with a value above €150.

What is changing?

This Regulation concerns E-commerce sales of goods, including agrifood products, that are sold directly from a non-EU country to businesses, households, individuals or private organizations, through electronic transactions conducted via the internet.

Today, E-commerce traders can use the Import One-Stop Stop (IOSS). Traders using the IOSS do not need to register for VAT in each EU Member State. The VAT due is collected at the time of supply, instead of at the time of importation. However, the IOSS can currently not be used for goods whose value exceeds €150.

The Commission proposes to extend the use of the IOSS to all e-commerce trade including goods whose value exceeds €150.

The proposal also allows VAT on imports to be declared and remitted on a monthly basis.

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Why?

The removal of the threshold of €150 simplifies VAT requirements for traders (one single VAT registration in the EU). This, together with simplified tariffs for e-commerce goods, will help traders to calculate and pay the correct amount of VAT payable on all goods.

Timeline

Feedback via the EU's Have your say webpage is now closed. This feedback will be presented by the Commission to the Council to inform the legislative debate.

The new rules will apply from **1 March 2028**.

What are the major implications for exporting countries?

There is no direct impact on agri-food exporters outside the EU, but the measures will facilitate e-commerce in agri-food products.

Background

This proposal is one of three put forward by the Commission with the aim of modernising its customs system and responding to increasing trade volumes (in particular e-commerce). The other two proposals concern establishment of the Union Customs Code and Customs Authority, and simplification of e-commerce tariffs.

Resources

European Commission (2023) Communication: Customs reform: Taking the Customs Union to the next level.

European Commission (2023) What is VAT?

European Commission (2023) VAT on e-Commerce - One Stop Shop.

Sources

Proposal for a Council Regulation amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold

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