



eLearning module

eCommerce: IOSS Scheme – Advanced (IOSS Advanced)

Course takeaways

This is a quick and handy summary of the most relevant course information.

1 Learning objectives

By the end of this course, you will have learned about:

- The Import scheme of OSS (IOSS) and its processes.
- The general functionalities of IOSS and the use of IOSS VAT Identification number.
- The IOSS sub-processes (Registration, VAT return, Payment) for each stakeholder (Customs and Tax administrations and Economic Operators using IOSS).
- The benefits of the Import scheme.











2 Introduction to IOSS

The **Union One-Stop Shop (OSS)** is the electronic portal businesses can use to comply with their VAT obligations on e-commerce sales within the EU to consumers since the 1st of July 2021. The Union scheme is applicable to telecommunications, broadcasting, or electronically supplied services (TBE), intra-Community distance sales of goods and other than TBE services.

The **Non-Union OSS scheme** is applicable to all Business to Consumer supplies of services to customers in the EU, such as Accommodation services, Admission to events, Transport services.

The **Import One-Stop Shop (IOSS)** is the electronic portal businesses can use since the 1st of July 2021 to comply with their VAT e-commerce obligations on distance sales of imported goods in consignments of a value not exceeding EUR 150.

Overview of the One Stop Shop (OSS) and Import Scheme (IOSS)

	Non-EU established taxable person/supplier 	EU established taxable person/supplier 
Supplies of services to consumers (B2C)	 Non-Union scheme (OSS)	 Union scheme (OSS)
Distance supplies of goods by deemed suppliers	 Union scheme (OSS)	 Union scheme (OSS)
Domestic supplies of goods by deemed suppliers	 Union scheme (OSS)	 Union scheme (OSS)
Distance sales of imported goods from 3rd countries in consignment not exceeding EUR 150	 Import scheme (IOSS) Need for Intermediary (YES)	 Import scheme (IOSS) Need for Intermediary (NO)

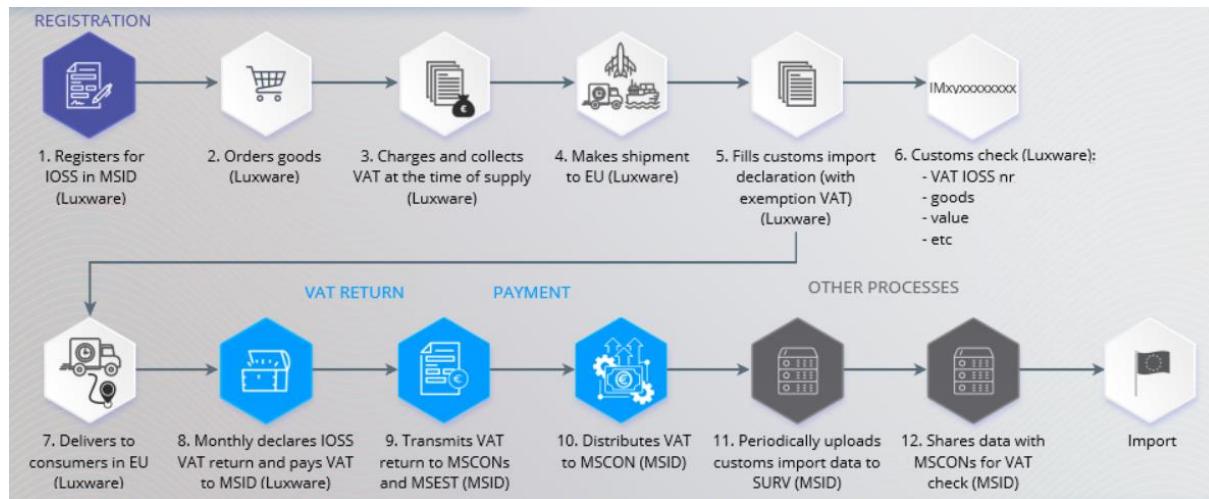
3 Import Scheme

The Import One-Stop Shop (IOSS) was created to facilitate and simplify the declaration and payment of VAT in relation to distance sales of goods imported from third territories or third countries by EU

or non-EU sellers to consumers in the EU. IOSS applies only to consignment of goods of an intrinsic value not exceeding EUR 150.

On the 1st of July 2021 the value added tax (VAT) exemption for the importation of goods not exceeding EUR 22 has been removed. As a result, all goods imported to the EU are subject to VAT.

Overview of Import scheme



3.1 Registration

To use the Import One-Stop Shop, the company carrying out distance sales of goods imported from third territories, or third countries must register in the Member State where it has established its business, or, if it has established its business outside the Community, in one of the Member States where it has a fixed establishment. There are no VAT advantages in choosing one Member State over the other.

3.2 VAT Return

A taxable person using the IOSS is required to submit a monthly VAT to the Member State of Identification detailing:

- 1) Total taxable amount for each product supplied to each Member State in which the dispatch or transport of the goods to the customer ends
- 2) VAT amount
- 3) VAT rate

The import declaration shall contain the valid IOSS Identification number of the taxable person or of the appointed Intermediary established in the Union.

Member State of Identification tax authorities provide the VAT return information to each Member State mentioned on the VAT return in which the dispatch or transport of the goods to the customer ends.

3.3 VAT Payments

The company pays the VAT declared in its VAT return, to the Member State of Identification tax authorities.

Member State of Identification distributes the VAT to the Member States mentioned on the VAT return.

4 Registration process

4.1 Direct Registration in the Member State of Establishment

Any taxable person who carries out distance sales of goods imported into the EU from a third territory or a third country in consignments with an intrinsic value not exceeding EUR 150 can register for the Import scheme. If that person has no establishment in the EU, they need to appoint an Intermediary to be able to use the scheme.

For the Import scheme, the Member State of Identification is the Member State in which the taxable person has established their business.

4.2 About the Intermediary

Taxable persons, suppliers, and electronic interfaces, which are not established in the EU or in a third country with which the EU has concluded a VAT mutual assistance agreement, need to appoint an Intermediary to be able to use the Import scheme. Other taxable persons, the ones established in the EU, are free to appoint an Intermediary, but are not obliged to do so.

The Intermediary needs to be a taxable person established in the EU. They must fulfil all obligations laid down in the Import scheme for the supplier or electronic interface that appointed them, including the submission of IOSS VAT returns and payment of VAT on the distance sales of imported low value goods.

4.3 Direct registration with Intermediary and in the Member State of Identification

If the taxable person has not established their business in the EU, the Member State of Identification is a Member State in which the taxable person has a fixed establishment. Where the taxable person has more than one fixed establishment, that taxable person can choose any Member State in which they have a fixed establishment to be their Member State of Identification.

If the taxable person is established outside the EU, but in a third country with which the EU has concluded an agreement on mutual assistance for the recovery of VAT and makes distance sales of imported goods from that third country, they are free to choose any Member State as Member State of Identification. In this case, there is no need to appoint an Intermediary to be able to use the Import scheme.

4.4 Registration process performed by the Member State of Identification

The Economic Operator/Intermediary Registration process performed by the Member State of Identification consists of three sub-processes dealing with:

- 1) Initial registration
- 2) Update of registration information
- 3) Exclusion from the special scheme

5 VAT return process by Member States

The VAT return process by Member State of Identification includes the following sub-processes:

- 1) VAT return process

- 2) VAT return transmission of information
- 3) VAT return reminder

5.1 VAT return process by the Member State of Identification

The VAT return processing considers the processing of the initial VAT return submitted by the Economic Operator or their Intermediary to the Member State of Identification.

The Economic Operator or the Intermediary must submit the VAT return to the Member State of Identification according to the following definitions.

The Economic Operator or the Intermediary must submit the VAT return to the Member State of Identification Monthly, within the month following the end of the return period covered by the return related to the Import scheme.

5.2 VAT return transmission by the Member State of Identification

Transmission of VAT return Information sub-process includes the preparation of the VAT return information by the Member State of Identification and the transmission to the Member State of Consumption or Member State of Establishment.

5.3 VAT return reminder by the Member State of Identification

The Member State of Identification identifies all Economic Operators and Intermediaries not having submitted a VAT return in the relevant return period and transmits this information to all Other Member States, as follows:

- 1) Extracts Economic Operators or Intermediaries to be reminded
- 2) Reminds Economic Operator or Intermediary of VAT return obligation
- 3) Prepares and Transmits List of Reminded Economic Operators or Intermediaries

6 Payment process by Member States

6.1 Evaluation of payment process by the Member State of Identification

The evaluation of payment process considers:

- 1) The reception by a Member State of Identification of a payment from an Economic Operator, or their Intermediary.
- 2) The registration of the payment.
- 3) The detection and reimbursement of overpayment of the VAT amount and the handling of an unrecognised payment,
- 4) The reception and processing of payment reminder notifications sent by the Member State of Consumption.

6.2 Transmission of payment process by the Member State of Identification

The Member State of Identification receives a payment from the Economic Operator or their Intermediary for a VAT return concerning one or more Member States of Consumption. The Member State of Identification must split the payment into Member State of Consumption related payments and transfer them to the Member State of Consumption within 20 days after the end of the month during which the payment was received. The Member State of Identification operational department

extracts a list of payments received from the Economic Operator or their Intermediary during the payment period.

6.3 Payment information processing by the Member State of Consumption

The Member State of Identification Operational Department transmits the evaluation of payment information Message to the relevant Member State of Consumption.

The Member State of Consumption receives and processes the Payment and Payment Information from the Member State of Identification with following actions performed by Operational and Financial Departments:

- 1) Store Payment Information
- 2) Register the Received Payment
- 3) Inform About Received Payment
- 4) Wait for Payment
- 5) Evaluate Payment Information
- 6) Contact Member State of Identification to Solve Inconsistencies
- 7) Correct Payment Information

6.4 Payment reminder process by the Member State of Identification

The Payment Reminder Process concerns the Member State of Identification obligation to remind the Economic Operator or their Intermediary of any overdue VAT.

If the payment received from the Economic Operator or their Intermediary is evaluated as an underpayment or non-payment, the Member State of Identification must remind the Economic Operator or its Intermediary of the VAT overdue on the tenth day following the day on which the payment should at the latest have been made.

To send the payment reminder, Member State of Identification:

- 1) Extracts the List of Underpaid VAT return.
- 2) Informs Economic Operator or Intermediary of VAT Overdue.
- 3) Transmits List of Reminded Economic Operator/Intermediary.

7 Other processes for Member States

7.1 Reimbursement process - Transmission of information by Member State of Consumption

The Member State of Consumption Operational Department has a list of overpaid VAT returns and can Evaluate the Payment from Member State of Identification.

For each VAT return in the list, it instructs the Financial Department to reimburse the Economic Operator or their Intermediary directly.

The Operational Department should make an automated access request to the Member State of Identification for the latest registration information for the Economic Operator or their Intermediary to get the bank account.

7.2 Reimbursement process - Overpayment

The Member State of Consumption should inform the Economic Operator or their Intermediary of the reimbursement. The communication should mention the unique VAT Return reference number.

For the return periods after 1st of July 2021, the case where the Member State of Identification has received and distributed an amount in respect of a VAT return subsequently found to be incorrect is handled by the Economic Operator or Intermediary submitting a correction with a subsequent VAT return.

In case the correction result was made for an overpayment, the Member State of Consumption will reimburse the overpaid amount directly to the Economic Operator.

7.3 Recover payment by Member State of Consumption

The Member State of Consumption evaluates the underpayment according to national procedures. The Member State of Consumption may decide not to collect the underpaid VAT (for example, if the amount concerned is very small) or to proceed with recovery, as follows:

- 1) The Member State of Consumption reminds the Economic Operator or their Intermediary of the underpaid VAT amount.
- 2) The Member State of Consumption informs the Member State of Identification by electronic means that the reminder was sent to the Economic Operator or their Intermediary to pay the underpaid VAT.
- 3) The Member State of Consumption can apply charges or interest or penalties according to national law.

Remember, this is a quick and handy summary of the most relevant course information. Only the European Union legislation published in the Official Journal of the European Union is deemed authentic. The Commission accepts no responsibility or liability whatsoever with regard to the training.



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