

NEW E-COMMERCE RULES

New VAT and customs rules for the import of consignments of small value
New VAT rules for online sales of goods to “final” consumers within the EU
New VAT rules for the provision of electronic services to “final” consumers in the EU

From 1 July 2021, a large number of amendments to Directive 2006/112/EC (the VAT Directive) and Council Implementing Regulation 282/2011 will start to apply affecting the VAT rules applicable to **cross-border business-to-consumer (B2C) e-commerce activities**. The main changes are the following:

- The abolition of the threshold for the distance sale of goods within the EU (distance selling) per Member States and its replacement by a new total single EU threshold of EUR 10,000.
- The extension of the special regime of Mini One Stop Shop („MOSS“) to the cross-border distance sale of goods within the EU as well as to certain domestic deliveries of goods realized by platforms, markets, etc. (One Stop Shop or „OSS“).
- The introduction of a legal fiction, according to which a business facilitating supplies through the use of an online electronic interface (marketplace, platform, portal, etc.) is deemed for VAT purposes to have received and supplied the goods themselves (“deemed supplier”) and it is usually obliged to account for VAT in respect of the supply to the final consumer.
- The modification of the rules for the assignment of transport within transactions carried out through the "deemed" supplier.
- The abolition of the VAT exemption at importation of small consignments up to EUR 22.
- The introduction of a new special scheme for distance sales of goods imported from third countries of an intrinsic value not exceeding EUR 150 [referred to as the Import One Stop Shop (IOSS)].
- The introduction of the simplification measures for distance sales of imported goods in consignments not exceeding EUR 150, in case the IOSS is not used (special arrangements).
- The introduction of new recording / registration obligations, which will concern businesses facilitating the delivery of goods and services through an electronic interface.
- The new notification obligation for banks and other entities on reporting payments made for e-commerce transactions.

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These changes will affect all e-shops that supply to the consumers the goods imported from countries outside the EU (eg. from China) or that supply the goods to the consumers in other Member States or that supply to the Czech final consumers the goods from other Member States.

These changes will also have a major impact on the various electronic platforms through which online sales take place, which offer goods delivered by other suppliers, etc.

At the same time, customs procedures for the import of small value consignments were adjusted, and thus these changes will also affect the activities of persons providing postal or express courier services.

We will gradually comment on the individual changes in more detail. We are also preparing a specialized online seminar on this topic. If you have any questions, please contact us at tomicsek@stanek-tomicsek.com.

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