

## axis diplomat 2020 Modules

# European Import One Stop Shop (IOSS)

Handle VAT on Distance Selling into the European Union using the Import One Stop Shop.

### Introduction

From 1st July 2021 the rules for distance selling (business-to-consumer, B2C) into the European Union change. These rules apply to all suppliers outside of the EU and are not directly related to Brexit.

From that date, the VAT exemption for sales below €22 into Europe is removed and all goods imported into the EU are subject to VAT.

The Import One Stop Shop was created to simplify VAT and to ensure that customers do not face unexpected fees when their goods are delivered.

It is designed only for relatively small transactions (up to €150) and allows a seller based outside of the EU to register for VAT in a single European country yet charge VAT at the rate for the particular country to which goods are being delivered.

Registering for IOSS is entirely optional - if sellers are not registered then any customers within the EU will pay the VAT and possibly other fees charged by the carrier, when the goods are imported.

Additionally, for those businesses located within the EU, the distance selling thresholds within the EU change 1st July 2021. The existing thresholds for distance sales of goods to buyers in other EU Member States (EUR 35,000 or 100,000, depending on the Member State) will be abolished and replaced by a new EU-wide threshold of EUR 10,000.

Below this threshold, you can continue to apply the domestic rules for VAT on your cross-border sales. If your sales are above this threshold, you are liable for VAT in the Member State where your buyers are located. But you will be able to easily register in the One Stop Shop (OSS) - where you can declare and pay the VAT due in other Member States.

The EU VAT Import One Stop Shop module adds support for IOSS within **axis diplomat 2020** and connected **axis vMerchant** websites.



## How it Works

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With the Import One Stop Shop feature, **axis diplomat** holds the VAT rates for each VAT region against each VAT group (via the [Multiple VAT Registrations](#) module). A system parameter indicates which EU country is the master IOSS VAT registration.

Since the threshold for IOSS is defined in Euros but sales may be made into Europe in any currency, each Sales Ledger holds an exchange rate to use for IOSS calculations (even on systems without the Foreign Currency module).

Once IOSS is enabled and configured, **axis diplomat** will apply the VAT rate based on the destination delivery address for all B2C sales with a goods value at or below the IOSS threshold.

**axis diplomat** will prevent consolidated delivery creation or order picking for order lines over the value specified in the above parameter for any order lines where IOSS VAT has been applied. It will also prevent consolidated delivery creation or consolidated order picking for order lines where the application of IOSS rules differ, for example one order has not had VAT applied on the lines but another has. This may occur because the order value exceeds the IOSS threshold, the order pre-dates 1st July 2021 or the order has come via a marketplace that has collected the VAT.

## Order Import

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Marketplaces that have collected VAT from the customer at point of sale will pass through the IOSS registration details used for the transaction. This registration will be declared on customs invoices and passed through to Delivery Service Providers (DSPs).

The order will be filed and the subsequent invoice accounted for as a zero rated export under the UK VAT registration.

Orders imported from **axis vMerchant** and third party websites (via the **axis diplomat** XML eBusiness Interface module) may have VAT applied at the rate applicable for the delivery address if they fall below the IOSS threshold.

## Pre-Requisites

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The Import One Stop Shop module also requires the [Multiple VAT Registrations](#) module.

The [Multi-Currency module](#) is only required if you plan on selling in multiple currencies and is not essential for use of the Import One Stop Shop module.

## Links

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[https://ec.europa.eu/taxation\\_customs/business/vat/vat-e-commerce\\_en](https://ec.europa.eu/taxation_customs/business/vat/vat-e-commerce_en)



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