



One Stop Shop

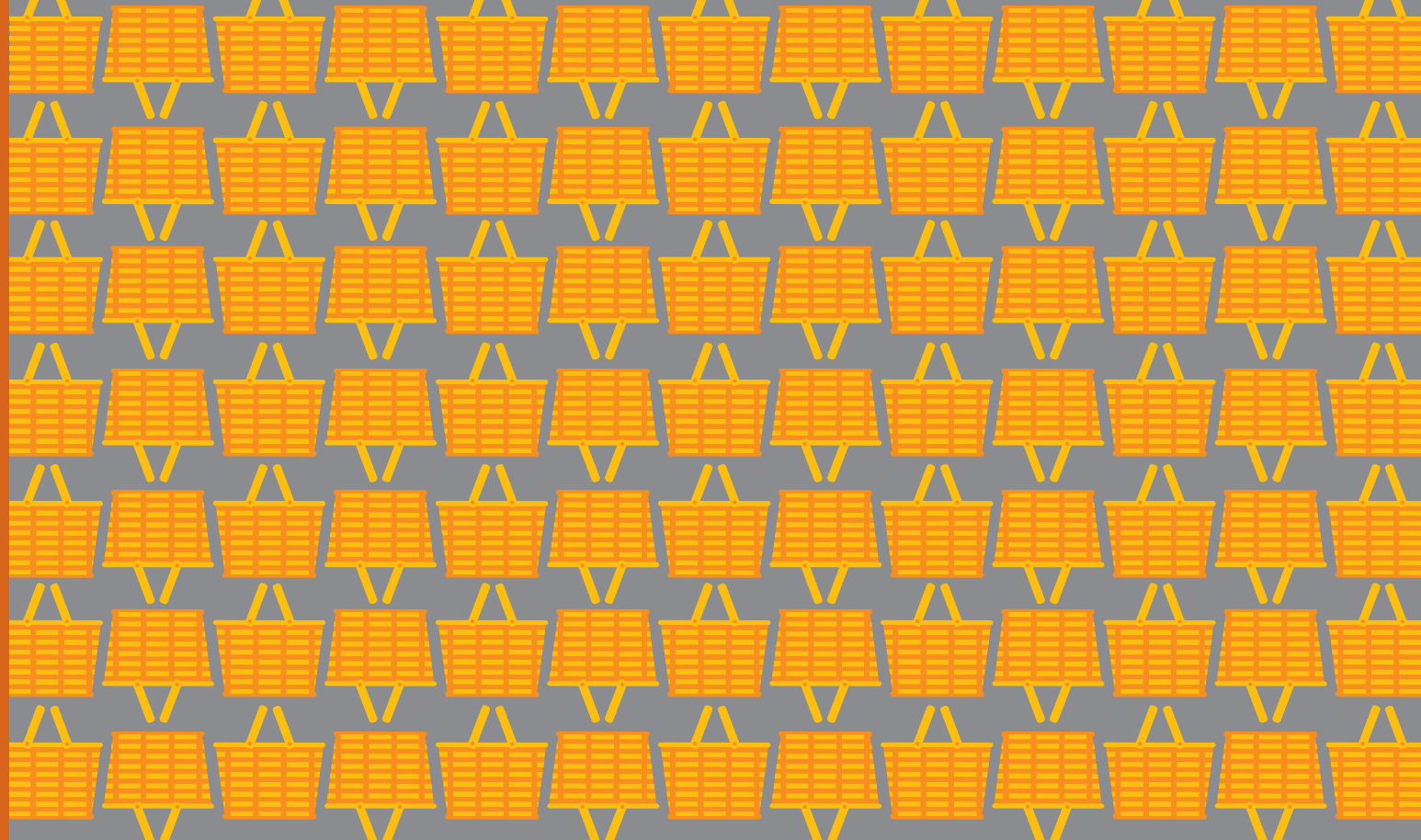


– Guide for web shops



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One Stop Shop – guide for web shops

On 1 July 2021, the VAT rules on cross-border business-to-consumer (B2C) e-commerce activities changed. The purpose of the new rules is to make it easier for web shops and platforms to sell goods and services to private consumers across the EU.

The new rules:

- establish a common EU distance selling threshold;
- expand the existing Mini One Stop Shop (MOSS) scheme into the One Stop Shop (OSS) scheme;
- give electronic interfaces greater responsibility for the VAT treatment of goods imported from a third country.

We have prepared a guide for web shops with the new rules above and what they mean in practice for a Danish e-commerce company.

New distance selling threshold

As mentioned above, a common distance selling threshold of EUR 10,000 excl. VAT was introduced in the EU. The new distance selling threshold replaces the former national thresholds. This means that, if a company's total distance sales to other EU countries exceed EUR 10,000 excl. VAT, the company must VAT register and charge foreign VAT in the country from where the goods are shipped.

However, the OSS scheme can alleviate the administrative burden.

The One Stop Shop (OSS)

The One Stop Shop scheme was introduced at the same time as the new distance selling threshold. Before 1 July 2021, the scheme used to cover only electronically supplied services (Mini One Stop Shop), but it has now been extended to include distance sales of both goods and certain services to private consumers.

It is also possible to register voluntarily under the scheme, even if you have not yet exceeded the distance selling threshold. In this way, you can avoid monitoring if/when you exceed the distance selling threshold.

Why register for One Stop Shop?

By registering under the OSS scheme, you no longer have to register in all the countries in which you have distance sales. You can apply for the OSS registration in Denmark, as part of the general Danish VAT registration application and pay the foreign VAT due abroad to the Danish Tax Authorities.

Distance selling VAT due throughout the EU needs to be reported only to the Danish Tax Authorities under the OSS scheme. The Danish Tax Authorities then distribute the VAT to the relevant countries. However, it is important to be aware that the scheme can only be used to report output VAT on sales. It is therefore not possible to recover VAT on purchases under the OSS scheme.

This means that you can register under the OSS scheme only in Denmark and avoid VAT registrations in all the countries in which you have distance sales. In other words, you have to deal only with one reporting, one payment, one language and the tax authorities of only one country.



However, the OSS scheme can only be used when the goods are subject to cross-border shipments within the EU. Also, if you are established or have a warehouse in the country in which the place of supply is, you cannot use the OSS scheme and must register for VAT abroad and pay foreign VAT to the relevant foreign authorities.

If goods are shipped from EU countries other than Denmark, we recommend that this should be investigated, as this can lead to foreign VAT, customs and corporate income tax registrations.

Special rules for electronic interfaces

In addition to the above changes, there is another rule that one must keep in mind, if running a business through an electronic interface. An electronic interface is defined as a marketplace, platform, portal, etc. that mediates the sales of goods. New rules for electronic interfaces have been introduced which make electronic interfaces responsible for VAT compliance when goods are imported into the EU.

Under the new rules, electronic interfaces are buyers-resellers of the goods imported from outside the EU that are traded through the marketplace. This means that electronic interfaces must pay and collect VAT in the country of arrival of the goods when private consumers buy imported goods, if the value of the goods does not exceed EUR 150.

Special rules for companies that sell through electronic interfaces

If you sell goods through an electronic interface, it is important to investigate the agreement and be aware of the role of the electronic interface in terms of VAT.

When the goods traded are shipped from outside the EU, the electronic interface must charge VAT for the sales to the consumers.

When the goods traded are shipped from within the EU, the electronic interface can also act only as an intermediary for the goods on behalf of the selling company, while the selling company must charge VAT for the sales to the consumers. It is therefore important to make sure which role the electronic interface has in the transaction chain.

Who can register for One Stop Shop?

Companies in the EU that have distance sales to private consumers can register for the OSS scheme. There are three different forms of registration under the OSS scheme, namely the EU scheme, the Non-EU scheme and the Import scheme. There are different rules for who can register under the different schemes. The Non-EU scheme will not be described below, as this only applies to non-EU sellers.

The EU scheme

The EU scheme is the scheme for distance sales of goods and services within the EU. The OSS scheme is therefore relevant in the following types of companies:

- EU companies with distance sales of goods shipped from within the EU or distance sales of services supplies to EU consumers;
- Non-EU companies with distance sales of goods shipped from within the EU.

As a company established in Denmark, you can register for the EU scheme in Denmark. The crucial thing for the application of the scheme is that the goods are shipped between two EU countries. If you trade excisable goods, there may be requirements for registration for excise duties – see section “The OSS system for trading excisable goods”.



The Import One-Stop Shop (IOSS)

The IOSS scheme is used when goods are imported from outside the EU and the value of these goods does not exceed EUR 150. There are two types of companies that can be registered under this scheme:

- EU companies with distance sales of goods shipped from outside the EU;
- Non-EU companies with distance sales of goods shipped from outside the EU.

If you are a Danish company that sells goods to consumers in another EU country (e.g. the Netherlands), where the goods are sent from a third country (e.g. China) to an EU country (e.g. the Netherlands), you can also register. The IOSS scheme is also relevant for electronic interfaces.

When using the IOSS scheme, the seller must still pay foreign VAT via the IOSS registration.

Note that there may be requirements for an excise duties registration, if your company sells excisable goods – see section “The OSS system for trade in excisable goods”.

Imports of goods entail requirements for an importer registration in the EU countries in which the goods are imported – see section “Customs”.

Customs

Companies registered under the IOSS scheme must be aware of the customs rules of the EU country in which the goods are imported.

Goods imported into the EU from outside the EU must be subject to customs compliance in the EU country in which the goods are imported. This means that customs declarations must be submitted with the customs authorities of

the EU country to which the goods are imported, and the importer of the goods must be registered as an importer in the same country.

In some EU countries, an import registration entails a requirement for VAT registration, while in other EU countries it is sufficient to simply have an EORI number.

Shipments whose value does not exceed EUR 150 can be imported duty free, but import VAT is still due. This can be done via the IOSS scheme, as described above. The customs value of the goods is determined based on the goods' invoice value plus freight and insurance.

In connection with customs clearance of goods, an invoice or other type of commercial document must be issued with information about the goods (e.g. HS codes, weight, origin).

How to register for One Stop Shop?

Registration under the OSS schemes can be done via [TastSelv Erhverv](#), and is valid as of the first day of the reporting period following the month in which the registration application was filed. For the EU scheme, the reporting period is the quarter whereas for the IOSS scheme, the reporting period is the month.

Which rules apply to invoicing?

When registering under the OSS scheme, you are not obliged to issue an invoice. There are therefore no formal requirements for the document that accompanies the delivery. If an invoice is issued anyway, it is the rules of the country of registration that must be met.



Please note that there may be special invoice requirements, if goods are subject to excise duty or goods are imported from countries outside the EU.

If you issue an invoice, it is therefore important that you as a company registered in Denmark meet the Danish invoice requirements. However, the VAT rate on the invoice must follow the rate used in the country in which the consumer lives. Therefore, you must be aware of the different VAT rates in the countries you sell to, so that the correct VAT rate is applied. Here it is especially important to be aware that some countries use multiple VAT rates, depending on the nature of the goods sold.

What requirements apply?

There are some requirements that must be met. One requirement is that separate records should be kept with respect to the transactions covered by the scheme. The records must be sufficiently detailed so that the tax authorities in the country to which the goods are delivered can check that the company's VAT reporting is correct. Companies must record the following information:

- The Member State of consumption to which the goods are delivered.
- The description and quantity of goods delivered.
- The date of delivery of the goods.
- The taxable amount, including the currency used.
- Any subsequent increase or decrease in the taxable amount.
- The VAT rate applied.
- The amount of VAT, including the currency used.
- The date and amounts of the payments received.
- Any advance payments received before the delivery of the goods.
- The invoice information, if an invoice has been issued.

- The information used to determine the country of dispatch/arrival of the goods.
- Any documentation for any returns of goods, including tax base and the VAT rate applied.

Information must be readily available upon the request of the authorities in the countries where the company has distance sales. The records must be kept for ten years.

Note that special record requirements may apply to the distance selling of excisable goods.

How and when do you report and pay VAT?

Deadlines

For the EU scheme, VAT must be reported and paid on a quarterly basis, whereas VAT must be reported and paid monthly under the IOSS scheme. The deadline is the last working day of the month following the reporting period. See the deadlines for using OSS [here](#).

Reporting

Reporting must be done through "VAT" in [TastSelv Erhverv](#) under the menu section "VAT One Stop Shop". The payment must not be made to the general VAT payment account, but separately in OSS.

The total value of the sales without VAT, VAT rate and VAT amount must be reported for each country to which the company sells. In addition, the general rules for foreign currency exchange rates and nil reporting apply. Reporting must therefore always be done in DKK, which the Danish Tax Authorities will convert into the relevant currency and/or the other way around. The exchange rate to be used is the one available for the last day of the reporting period. In addition, nil filings must be filed, if the company has not had sales in a given reporting period.



In addition to the OSS VAT return, the same transactions must be reported in the general VAT return. See the instructions below for the general VAT return reporting.

Country of dispatch	Country of arrival	Scheme	Danish VAT return
Denmark	Another EU country	EU OSS in Denmark	Box B1 – goods (no ECSL)
Another EU country	Another EU country	EU OSS in Denmark	Box C
A non-EU country	Denmark	IOSS in Denmark	N/A
A non-EU country	Another EU country	IOSS in Denmark	Box C
Another EU country	Denmark	EU OSS in Denmark	Box A1 – goods (no VAT)



Note that there may be special requirements for registration and reporting of excisable goods in the country of dispatch and/or arrival.

Subsequent reports

Errors regarding transactions performed in a previous reporting period must be corrected in the current reporting period. In other words, corrective VAT returns for the period in which the incorrect information was reported are not allowed.

Refundable VAT generated by corrections is not paid out in OSS but set off against payable VAT for the period in which the correction is reported. If on a total VAT refund position, the Danish Tax Authorities will notify the relevant country's tax authorities and will then process the VAT refund claim.

Note that the VAT refund country may request supporting documentation with respect to corrections and reject VAT refund requests, if the case.

The One Stop Shop scheme for trade with excisable goods

Companies that sell excisable goods by distance selling to EU countries through the OSS scheme must investigate whether there are special requirements for registration and / or reporting in terms of excise duties in the country of dispatch/arrival of the goods.

Not all EU countries have harmonized national excise duties rules so that the OSS VAT distance selling registration threshold matches the excise duties registration threshold. This might mean that you must register for excise duties in the country of arrival of the goods, even if you have not exceeded the VAT registration threshold. Alternatively, consumers might be required to report excise duties to the tax authorities in that country.

Note that the IOSS scheme may not be applied for goods subject to EU harmonized excise duties, such as tobacco and alcohol.

You can read more about the OSS rules regarding distance selling of excisable goods to Denmark in our previous newsletter [here](#).



Let us help

We are ready for a discussion if you have questions about the new distance selling rules.

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