EUROPEAN UNION (EU) VAT DE MINIMIS REMOVAL

CUSTOMER PRESENTATION - UK

Last Update:
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EU VAT De Minimis Removal
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EU VAT De Minimis Removal
Overview

EU VAT De Minimis Removal

The **Value Added Tax (VAT) rules in the European Union (EU*)** were amended and the changes become **effective as of July 1st 2021**:

- Previously, commercial goods imported into the EU with a value up to 22 EUR were exempted from VAT.

- **As July 1st 2021:**

  - ✓ All commercial goods imported into the EU will be **subject to VAT.**

  - ✓ All imports of goods into the EU will require a **formal customs declaration.**

  - ✓ A **new (optional) VAT collection scheme** will be introduced for online sellers/online platforms, known as **Import One-Stop Shop (IOSS)** – which is only applicable for **B2C transactions** of goods with a **value up to 150 EUR.**

* European Union (EU) countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.

EU VAT De Minimis Removal
What does this mean for you?

What does this mean for you?

There are two key elements to be aware of:

1) Formal Customs Declaration

In order to ensure a smooth customs clearance at destination, it is KEY that you provide accurate Commercial / Pro Forma invoice data, such as **goods descriptions**, **itemized values**, **HS code**, and other information. Generic description such as "samples" or "spare parts" are not allowed.

2) VAT Payment

As of July 1st 2021, you can chose between the following **options to pay VAT** for goods imported into the EU:
a) Without IOSS (for B2C or B2B | any goods value)
b) With IOSS (only for B2C | only for goods up to 150 EUR)

► **This presentation will help providing a brief overview regarding these two elements**

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EU VAT De Minimis Removal
Formal Customs Declaration

Import Customs Declaration in the European Union (EU)

- Currently, low value shipments **below €22** are cleared with a **Manifest Clearance**, where multiple low value shipments are **grouped under one (1)** declaration.

- With the **EU decision to abolish the VAT relief as of 1st of July 2021**, all shipments imported to the European Union (EU) will require a **FORMAL Customs Declaration** (**1 per shipment**).

Customs Data Quality *(provided by Shipper)*

For a smooth customs clearance process with Customs Authorities and to ensure a positive end-customer experience, it's essential that you provide:

✓ **Commercial / Pro Forma Invoice Line Item Data,** transmitted **electronically to DHL Express** with **high-quality** information, including:

✓ **Complete & Accurate Goods Descriptions**, which clearly describe the shipment content

✓ **Accurate & Itemized Values** on the Invoice

✓ Other key data elements

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VAT Payment - Overview

Goods Value*	DUTIES		VAT	
	Until June 30th 2021	As of July 1st 2021	Until June 30th 2021	As of July 1st 2021
€0 – €22**	Exempted	Exempted	Exempted	**Levied** *(with IOSS for B2C, or Upon Import for B2C/B2B)*
€22** – €150	Exempted	Exempted	Levied *(Upon Import, Standard VAT Payment)*	**Levied** *(with IOSS for B2C, or Upon Import for B2C/B2B)*
Above €150	Levied *(Upon Import)*	Levied *(Upon Import)*	Levied *(Upon Import, Standard VAT Payment)*	Levied *(Upon Import, Standard VAT Payment)*

*Goods Value: intrinsic value (the **price at which the goods are sold, excluding transport and insurance costs, unless they are included in the price and not separately indicated on the invoice**). It is important to note that the threshold applies to the **value of the consignment, not to each individual item.**

** EUR 22 De Minimis: please note that in certain EU Member States (e.g. BG), the De Minimis value is of €10 (instead of €22); other EU Member States (i.e. PL, FR, SE) have already decided to curb the use of this exemption to certain (mail) orders or in whole.

NOTE: please note the abbreviation **B2C** = Business to Consumers and **B2B** = Business to Business

DHL Express

EU VAT De Minimis Removal
VAT Payment

VAT Payment

- From **1 July 2021** the EU Value Added Tax (VAT) exemption for the importation of goods with a **value not exceeding EUR 22** will be removed.
- As a result, **all goods imported to the EU will be subject to VAT**, with **different VAT collection possibilities** available:

A without IOSS (for B2C or B2B | any goods value)

DHL pays VAT to Authorities upon import (and then DHL charges the pre-selected payer)
or
Importer pays VAT directly to Authorities upon import (via its own import deferment account)

- As it is today, if you **pre-select to pay all DHL charges when booking a shipment (on behalf of your customers/ receivers of the goods)**, then VAT will be outlaid by DHL, and then charged back to you (together with other Customs-related charges if applicable). This ensures **no charges to your customers/receivers** of goods.

- This allows the shipper to be able to sell goods to a receivers on an **all-inclusive price basis**, avoiding charges to the receiver. This service is known as the **DHL Duties & Taxes Paid (DTP) Billing Service** – please contact your DHL Sales Representative for more information.

B with IOSS (only for B2C | only goods up to EUR 150)

VAT collected by the Online Seller at the moment of purchase
(and then Online Seller then pays to the local Tax Authority in the EU via monthly VAT return)

- IOSS removes the need to register for VAT payment in each EU country that you sell to (only for B2C goods up to 150 EUR), and a single **IOSS identification number applies in all 27 EU countries**.

- If you are not an EU-based seller, your must **appoint an intermediary** (such as a tax representative) to fulfil VAT obligations on your behalf.

- The IOSS registration is done by the **online seller** of goods. If goods are **sold via an online marketplace**, then the online marketplace is the one that can be also IOSS registered and fulfil VAT obligations (and **the IOSS number of the marketplace has to be provided in this case**).

- **IMPORTANT**: if you opt for using IOSS, you **must provide the IOSS identification number electronically to DHL with the invoice data** so DHL can use it in the Clearance Process – otherwise, VAT will be levied upon the import of goods. Please see section '***Appendix: Where to Indicate the IOSS Number'***

EU VAT De Minimis Removal
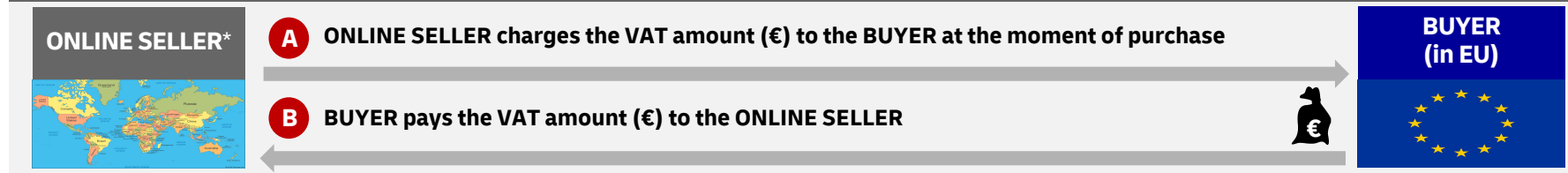## Import One-Stop Shop (IOSS) – VAT Payment Overview

Import One-Stop Shop (IOSS) | *for B2C goods up to EUR150*

► One-Time IOSS Registration

- In order to use the Special Scheme (with IOSS), as a first step the ONLINE SELLER* must **register for IOSS in one (1) European Union country**.
- Upon registration, the seller will be given one (1) unique **IOSS number** which is valid for **ANY country** in the European Union.
- **IMPORTANT:** companies from outside the EU with no EU representation (i.e. not established in the EU) **must assign an intermediary (tax representative)** to deal with EU VAT compliance on their behalf, i.e. to pay the VAT amount to the EU Tax Authority (via a monthly VAT return).

► VAT Payment Process (transactional / at the moment of purchase)

ONLINE SELLER*

A — ONLINE SELLER charges the VAT amount (€) to the BUYER at the moment of purchase

B — BUYER pays the VAT amount (€) to the ONLINE SELLER

BUYER (in EU)

► VAT Return to EU Tax Authority (MONTHLY)

ONLINE SELLER*

C — ONLINE SELLER pays the VAT amount (€) to the EU Tax Authority (via a monthly VAT return) & SELLER keeps a copy of the documents/records for up to 10 years (in case of audits)

*Note: if the seller has assigned an **intermediary (tax representative)** to deal with EU VAT compliance on their behalf, then the monthly VAT payment to EU Tax Authority is done by the tax representative.*

EU TAX AUTHORITY

* Please note that 'ONLINE SELLER' refers to either the actual seller of goods, or the online marketplace.

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EU VAT De Minimis Removal
Key Takeaways

Key Takeaways

WHAT IS CHANGING?

As July 1st 2021:
- ✓ All commercial goods imported into the EU will be **subject to VAT.**
- ✓ All imports of goods into the EU will require a **formal customs declaration.**
- ✓ A **new (optional) VAT collection scheme** will be introduced for online sellers/online platforms, known as **Import One-Stop Shop (IOSS)** – which is only applicable for B2C transactions of goods with a value up to 150 EUR.

WHAT DOES THIS MEAN FOR YOU?

1) Formal Customs Declaration
In order to ensure a smooth customs clearance at destination, it is KEY that you provide accurate Commercial / Pro Forma invoice data, such as goods descriptions, itemized values, HS code, and other information. Generic description such as "samples" or "spare parts" are not allowed.

2) VAT Payment
As of July 1st 2021, you can chose between the following options to pay VAT for goods imported into the EU:
a) Without IOSS (for B2C or B2B | any goods value)
b) With IOSS (only for B2C | only for goods up to 150 EUR)

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External Links | European Commission

External Links | European Commission

For additional information, please consult the European Commission websites below:

- **Modernizing VAT for cross-border e-commerce**
  https://ec.europa.eu/taxation_customs/business/vat/modernising-vat-cross-border-ecommerce_en

- **The Import One-Stop Shop (IOSS)**
  https://ec.europa.eu/taxation_customs/business/vat/ioss_en

- **Customs Guidance for the Importation and Exportation of Low Value Consignments**
  https://ec.europa.eu/taxation_customs/business/union-customs-code/ucc-guidance-documents_en

- **VAT Explanatory Notes**
  https://ec.europa.eu/taxation_customs/sites/taxation/files/vatecommerceexplanatory_28102020_en.pdf

- **Information and communication materials on the new e-commerce rules**
  https://ec.europa.eu/taxation_customs/business/vat/resources_en

- **Guidance on acceptable goods descriptions**
  https://ec.europa.eu/taxation_customs/sites/default/files/resources/documents/customs/customs_code/guidance_acceptable_goods_description_en.pdf

- **VAT rates for the 27 EU countries**
  https://ec.europa.eu/taxation_customs/sites/default/files/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf

- **Customs Tariff information for the 27 EU countries**
  https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en

  In addition, please visit the DHL website which covers the 2021 European Regulatory Changes:
  https://www.dhl-eucustoms.com/

ANY QUESTIONS?

THANK YOU

APPENDIX

WHERE TO INDICATE THE IOSS NUMBER

IN THE DHL ELECTRONIC SHIPPING SOLUTIONS

April 29th, 2021

DHL Business Unit – Excellence. Simply delivered.

Appendix
Where to Indicate the IOSS Number

Where to Indicate the IOSS Number?

About IOSS

- From 1 July 2021 all commercial goods imported to the EU will be subject to VAT (i.e. there is no more VAT exemption for commercial goods up to 22 EUR).

- If the seller is **IOSS (Importer-One-Stop-Shop)** registered (for B2C shipments up to 150 EUR) and the VAT is collected at the time of sales, the IOSS number has to be provided to DHL Express in the invoice data.

- You can find more information on the IOSS number and the possible ways of registration on the following European Union underline website

About this Presentation

- This presentation complements the main DHL Express presentation about the **European Union (EU) VAT Deminimis Removal.**

- This APPENDIX presentation provides an overview of **where DHL Express' shippers should indicate the IOSS number** when creating a shipment with DHL using one of **DHL's Electronic Shipping Solutions.**

- In case of questions or further clarification needed, please consult your local DHL Sales Representative.

DHL Express

Appendix
Where to Indicate the IOSS Number

MyDHL+

MyDHL API / XMLPI

EDI

Easyship

ELP – Express Logistics Platform

Emailship

DHL Express Commerce

DHL Globalmail

Appendix
Where to Indicate the IOSS Number

MyDHL+

- When shipping goods to European Union B2C receivers, if the seller is IOSS registered, then it is possible to enter the IOSS Number into the **Tax ID field** during the shipment creation process, under the Customs Declaration section.

- There is a validation for this field; please make sure to **provide a valid IOSS identification number**, which always starts with "IM" followed by 10 digits.

Customs Declaration

Additional Parties
Are there other parties involved in the shipment?
○ Yes   ◉ No

ⓘ
- As of July 1 2021, all commercial goods imported to the European Union (EU) will be subject to VAT.
- If the seller of the goods is IOSS registered, the IOSS number must be associated with the shipment.

Tax Payment for this Shipment
Tax numbers you used to pay taxes for this shipment (for local customs authorities)

Tax ID
IM0401234560 ✓

Appendix
Where to Indicate the IOSS Number

MyDHL API / XMLPI

- **Applicable for XMLPI, MyDHL API (SOAP)**
  The IOSS related information should be included in under the
  Shipper/BookingRequestor/BillTo or Exporter section, **using
  "RegistrationNumbers/RegistrationNumber" tag** with the following
  element:
  Example:

```
<RegistrationNumbers>
<RegistrationNumber>
<Number>IM0401234560</Number>
<NumberTypeCode>SDT</NumberTypeCode>
<NumberIssuerCountryCode>DE</NumberIssuerCountryCode>
</RegistrationNumber>
</RegistrationNumbers>
```

- For the MyDHL API native rest service the IOSS number goes into the
  registrationNumbers container under **pickupRequestorDetails** or
  shipperDetails:
  Example:

```
"registrationNumbers": [
                {
                    "typeCode": "SDT",
                    "number": "IM0401234560",
```

Element Name	Datatype/ Format	Req	Definition	Valid Value for IOSS
Number	dhl:Number	M	The Registration Number	Min:1 Max:35
NumberTypeCode	dhl:NumberTypeCode	M	The Registration Number's type code For full list of allowed type code values refer to Reference_Data.xlsx on <RegistrationNumberTypeCode> section.	Use "SDT" for IOSS
NumberIssuerCountryCode	dhl:NumberIssuerCountryCode	M	Issuer's Country Code	Min:2 Max:2

Appendix
Where to Indicate the IOSS Number

EDI

- **GLOBAL FFTIN:**
  In the Global FFTIN message, **the IOSS number can be provided in the record for additional Party registration**. The appropriate Additional Party Detail Record and Additional Party Account (Optional) need to be provided to indicate the party where the IOSS number belongs.

Additional Party Registration Record

ID	Length	From	To	Type	Align	Description	Usage	Remark
1	2	1	2	AN	L	Record header	M	Hardcode "FF"
2	1	3	3	AN	L	Version identifier	M	Hardcode "0" (zero)
3	3	4	6	AN	L	Shipment record identifier	M	Hardcode "ADR"
5	3	7	9	AN	L	Party registration number type	M	
6	35	10	44	N	L	Party registration number	M	
7	3	45	47	AN	L	Party registration number country code, ISO3166	M	
7	1	48	48	AN	L	Party registration number country code qualifier	M	See notes

The **party registration number type** to be used is "ZZZ"
Example:

```
FF0ADRZZZIM0401234560                    DE A
```

- **GLOBAL FFRMIN:**
  Also in the Global FFRMIN message **the IOSS number can be provided in the record for additional Party registration**.

  The appropriate Additional Party Detail Record and Additional Party Account (Optional) need to be provided to indicate the party where the IOSS number belongs to.

Additional Party Registration Record

ID	Length	Type	Description	Usage	Remark
1	6	A	Record Identifier	M	Hardcode "ADRMIN"
2	4	N	Record Type Sequence No	M	Unique no. for each reference within each shipment
3	3	AN	Party Registration Number Type	M	Party Registration Number
4	35	AN	Party Registration Number	M	Registration Number Type
5	2	AN	Party Registration Number - Country Code	M	Issuing Country Code of Registration Number

The **party registration number type** to be used is "ZZZ"
Example:

```
ADRMIN|001|ZZZ|IM0401234560|DE
```

Appendix
Where to Indicate the IOSS Number

EDI *(continued)*

- **GLOBAL IFCSUM D01B:**

  In the IFCSUM message **the IOSS number for the shipper can be provided in Segment SG6 – RFF**.

  Segment Group 6

Group	Occurrence	Usage	Description
SG 6	9	M	RFF
Function: A group of segments to specify a reference related to the party			

  SG 6 - RFF

Segment	Occurrence	Usage	Description
RFF	1	M	References
Function: To identify a reference, in this case the VAT number and Registration numbers used by a party. This segment group may be used for customs clearance shipments (only destinations in non-EU countries).			

Element	Usage	Format	Element Name
C506	M		REFERENCE
1153	M	AN..3	Reference code qualifier
1154	R	AN..35	Reference identifier

  The reference code qualifier to be used in **Element C506-1153 is "ZZZ"**

  Example:

  ```
  RFF+ZZZ:IM0401234560'
  ```

  *In case the IOSS number provided belongs to another party then the shipper it must be provided in SG-47 RFF (Element C506-1154 with reference code qualifier "ZZZ" in Element C506-1153) for the party indicated in SG-43 NAD.

- **GLOBAL IFTMIN D01B:**

  In the IFCSUM message, **the IOSS number for the consignor can be provided in Segment SG15 – RFF** for the party indicated in SG11 NAD.

  SG15 RFF Segment – References

Group	Occurrence	Usage	Description
SG15	1	C	RFF
Function: A group of segments to specify a reference related to the party.			

Segment	Occurrence	Usage	Description	
RFF	1	M	References	SG15
Function: To identify a reference, in this case the VAT number, used by a party.				

Element	Usage	Format	Element Name
C506	M		REFERENCE
1153	M	AN..3	Reference code qualifier
1154	R	AN..70	Reference identifier

  The reference code qualifier to be used in **Element C506-1153 is "ZZZ"**

  Example:

  ```
  RFF+ZZZ:IM0401234560'
  ```

Appendix
Where to Indicate the IOSS Number

EDI *(continued)*

- **GLOBAL CUSDEC D09B:**
  The CUSDEC message is to provide customs invoice information separate from the shipment manifest data in case this information cannot be provided at the same time.
  In the IFCSUM message, **the IOSS number for the consignor can be provided in Segment SG6 – RFF**. For the party indicated in the SG6 NAD segment.

SG6 RFF Segment – Reference

SG6	C	99		
RFF	M	10		REFERENCE
A segment identifying references relating to the party specified within the group. For example, registration number (VA, Free Trade Zone etc.) OR business party trading type.				
Ref	**Tag**	**Status**	**Format**	**Description**
RFF010	C506	M		REFERENCE
RFF010-010	1153	M	AN..3	Reference code qualifier
RFF010-020	1154	C	AN..35	Reference identifier

The reference code qualifier to be used in **Element C506-1153 is "ZZZ"**
Example:
RFF+ZZZ:IM0401234560'

Appendix
Where to Indicate the IOSS Number

Easyship

- When shipping to the European Union countries, it is possible to **provide an IOSS Tax ID number on the Dutiable Options tab**, **under Shipment Tax ID,** by selecting respective number from the pre-saved drop down list.

It is possible to **manage the drop down list via Shipment Tax ID menu**. In order to save the new IOSS number in the list, **please select "IOSS" as the Shipment Tax ID type, add the Issuing country (only if known) and insert the number.** Upon saving, the IOSS ID is validated against the following rules:

- The number had to **start with "IM" followed by 10 digits**
- 3-digit ISO numeric country code belongs one of the EU countries and matches with the Issuing Country selected (if Issuing Country field is left blank, this validation does not apply).

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Where to Indicate the IOSS Number

ELP – Express Logistics Platform

- **Address Book**

  In ELP, it is possible to **add an IOSS Tax ID information under Contacts, in the Address Book in a new section called "TAX Registration".**

  The Tax IDs available are then displayed per contact based on their country of origin. In the case of the IOSS number, the option is available for contacts from EU countries.

  For example, when adding or modifying a contact from Germany, these are the available options under **"TAX Registration" section**:

- **Create Booking**

  It is also possible to fill out the **TAX information such as Trade Type, Tax IDs (VAT, IOSS, etc.)** for the contacts during shipment creation. The TAX information then becomes available under the **Declarable Goods section** as follows:

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Where to Indicate the IOSS Number

Emailship

- It is possible to **enter the IOSS / VOEC / OSR Number into the Shipment Tax ID field** during the shipment creation process, under the Customs Requirements section.

- The **Shipment Tax ID will be validated if the Shipment Tax ID is applicable for the destination** and the validation takes place after you click on 'Transmit to DHL' after providing all the shipment details on the Adobe PDF form.

- A mouse-over text is displayed to guide the customer to **fill up the Shipment Tax ID field.**

Appendix
Where to Indicate the IOSS Number

DHL Express Commerce

- All shippers have the ability to **indicate their IOSS number in DHL Express Commerce**.

- **Shippers can go to** settings > options where the 'Shipper Tax Settings' feature is available.

- When adding your IOSS number, it is possible to decide **when to apply this tax number to the shipment depending on the destination** country.

- For example in the below screenshot the **"IOSS" number has been defined to only apply when the shipment destination is the European Union**.

Shipper Tax Settings
Configure your shipper tax numbers and define which countries these apply to. The specified tax number will be used when shipping to a matching destination country.

For example

Tax Type	Tax Number	Applicable Destination
IOSS	IM401234560	European Union

In the above example IOSS tax number will be submitted when any orders are being sent to any country within the European Union.

TAX TYPE	TAX NUMBER	APPLICABLE DESTINATION
IOSS	IM401234560	European Union

Add new

Appendix
Where to Indicate the IOSS Number

Providing your IOSS identification number for DHL Globalmail items

The Deutsche Post (DP) Shipping Solutions allow you to indicate your IOSS identification number. This will be submitted as part of the Electronic Advance Data (EAD) for each item. Please note, it will not be printed on the item label. The relevant IOSS number must be entered for each item. The DP Shipping Solutions cannot be configured to automatically include one.

DP Customer Portal

Create item – enter the IOSS number in the **Sender customs reference** field.

Import data to create labels – enter the IOSS number in the '**SENDER_CUSTOMS_ REFERENCE**' column of the eFile.

DP API

Enter the IOSS number in the **senderTaxId** field.

For example:
    "destinationCountry":"DE",
    "shipmentCurrency":"GBP",
    "shipmentGrossWeight":"250",
    "**senderTaxId**":"IM0123456789",
    "returnItemWanted":false,
    "shipmentNaturetype":"SALE_GOODS",
    "contents":

THANK YOU

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