

A SOLE UNIQUE THRESHOLD FOR VAT IN EU ONLINE SALES



The EU Commission has clarified that since 1st July 2021 the new annual threshold of 10,000 euros, which triggers the obligation to pay VAT in the EU country of destination of the goods, is **unique** for all the sales made in all Member States of the European Union and is calculated by taking into account the **total value** of both intra-EU online sales of goods (so-called distance sales) as well as cross-border supplies of electronic services (so-called "TTE" services) to EU consumers.

As of today:

- If the turnover derived from on-line sales of goods to EU consumers does not exceed the specific threshold provided for by the VAT legislation of the individual EU Member State of destination, the Italian company must pay VAT in Italy according to the Italian VAT rate;
- On the other hand, if such turnover is higher than the specific threshold provided for by the VAT legislation of the EU Member State of destination of the goods, the Italian company must register for VAT purposes in the EU Member State of destination and pay VAT in that EU Member State at the VAT rate provided for locally.

From the 1st of July, 2021 the above-mentioned turnover thresholds currently provided for by each EU Member State (which vary from 35,000 to 100,000 euros) will be replaced by a sole unique EU threshold of € 10,000 per year, which will be applied to all online sales of goods and supplies of "TTE" services in favor of EU consumers.

In case the sole unique EU threshold is exceeded, the Italian company must pay VAT in each EU Member State of destination of online sales of goods and of supply of "TTE" services at the VAT rate provided for locally.

In order to avoid having to constantly monitor whether the single EU threshold of € 10,000 of annual turnover is exceeded, Italian companies can in any case opt to apply and pay VAT in each EU Member State of destination of the goods sold and the "TTE" services rendered online; however, this option bounds the Italian company for two years.

Moreover, also starting from the 1st of July, 2021 the so-called MOSS (Mini One Stop Shop) special regime will be extended to intra-Community distance sales of goods. This means that, in case the single EU annual threshold of 10,000 euros is exceeded, the Italian company will have the following two alternatives in order to pay the VAT due in the EU Member State of destination of online sales of goods:

- 1) the registration for VAT purposes in each EU Member State of destination of the goods by means of the acquisition of a VAT number or the appointment of a tax representative; or
- 2) the use of the MOSS special scheme that allows the Italian company to avoid registering for VAT purposes in each EU Member State of destination of goods, but to interface only with the Italian Tax Authority, through a specific portal, in order to pay the VAT locally due.