



Visualsoft



**Guide To International Growth  
with Visualsoft and GFS:**

# How To Reboot EU Selling with IOSS



# Introduction

Brexit has been the biggest change in our trading history with the EU and impacted how several organisations do business across the border — right from supply chain to workforce regulations. We've gone from a time of borderless trade to trade borders that come with a new territory of rules, changing the dynamics of the UK's trade with the EU market.

It's no surprise then that 47% of UK businesses have stopped or reduced trading with the EU with the prevailing uncertainties around post-Brexit shipping requirements, disruption to service levels and higher delivery costs.

But the EU is our single biggest trading partner making up 43% of the UK's exports (UKandEU.ac.uk, 2021). So, it's a market that can't be ignored especially if you have ambitions to grow sales.

Fortunately, the Import One Stop Shop scheme (IOSS) was introduced in 2021, specifically designed to simplify the process of shipping goods of EU VAT compliance for both importing goods and reporting VAT.

It was timed to launch with the new VAT rules and payment of EU VAT for distance sellers, and remove any friction or burden associated with the compliance with EU tax requirements.

**IOSS significantly simplifies selling/export to the EU for UK businesses.**

## How?

If you're among the many businesses that are left feeling confused about how you can sell in the EU, then you're reading the right guide. We've teamed up with GFS (Global Freight Solutions Ltd, [www.gfsdeliver.com](http://www.gfsdeliver.com)) to explain all you need to know about making EU selling easy with IOSS (Import One Stop Shop). And we're keeping it simple... because it is!



## Who Are Visualsoft and GFS?

Let's start with the introductions; Visualsoft is a smarter way to manage your eCommerce needs; an all-in-one eCommerce ecosystem designed for growing, and scaling your business through our innovative platform solution. So we know how to help businesses take their growth to the next level when it comes to international expansion.

GFS is a trusted delivery partner with existing integrations for Visualsoft and, the largest one stop shop for global multi-carrier solutions - bringing together the widest choice of multi-carrier services (UK & International), logistical know-how and multi-carrier technology for some of the fastest-growing online retailers. Our job is to take the hassle out of cross-border shipping so you can focus on selling.

**Together, we're teaming up to put the 'import' into the importance of understanding just how simple shipping to the EU can be with IOSS, and how you shouldn't let it affect your potential for international sales and growth.**

## Importing to the EU Made Simple

On 1st July 2021, the 22€ VAT threshold (De Minimis) exemption on goods imported to the EU was removed. With this in mind, this has played a part in being a key catalyst in some confusion surrounding shipping to the EU.

But simply put, what this means is that ALL commercial goods imported to the EU will now be subject to VAT — regardless of value.

**So, if you are shipping goods to the EU, this means:**

- VAT needs to be charged based on the customer's location.
- VAT has to be declared for customs clearance.
- VAT returns have to be submitted in every EU market where goods are purchased.



Think bigger

## What Is IOSS?

This all sounds great, but what actually is the Import One Stop Shop, and how do you use it to optimise sales and growth within the EU?

IOSS is an electronic portal that gives businesses the ability to be EU VAT compliant with collecting, declaring and paying VAT to the EU tax authorities, on distant sales of Business to Consumer goods (up to the value of 150€, within the EU).

So where growth of both brand awareness and sales is concerned, it's clear that this market shouldn't be ignored because of confusions around VAT compliance. Which is why we're taking the time to explain how simple this process can actually be.

### 1 Register

The IOSS will provide you with a single EU IOSS VAT number applicable for imports to all 27 EU member states.

### 2 Collect VAT from customer

Collect VAT from the customer at the point of sale (online checkout), charged at the rate of the destination country.

### 3 Import goods using IOSS delivery services

Goods will be VAT exempt if a valid IOSS VAT ID number is declared at customers (GFS selector can submit electronically).

### 4 Comply

Declare and pay import VAT to the EU tax authorities where you are registered via 1 IOSS VAT return and 1 monthly payment.



## Getting Started: IOSS VAT Registration

When using IOSS, you're provided with a single IOSS VAT ID number that is valid within all 27 EU countries.

Once you have this number, you then have the ability to collect, declare and pay VAT directly to the EU Tax Authorities through a single return - for goods up to the value of 150€.

If you've got an IOSS number, you can also then use IOSS delivery services. Your IOSS number can also be quoted on your customs documentation with goods being imported into EU countries. This means imported goods are VAT-exempt at the border, making clearance fast and friction free.

### What does an IOSS ID Number look like?

**XXX:** ISO code corresponds to the Member State of identification

**YYYYYY:** code assigned by the Member State of identification

**Z:** check digit

Goods Value	Duties		VAT	
	Until June 30th 2021	As of July 1st	Until June 30th 2021	As of July 1st
0€-22€	✗ Exempted	✗ Exempted	✗ Exempted	✓ Levied (with IOSS for B2C <150€. or upon import for B2C/B2B)
22€-150€	✗ Exempted	✗ Exempted	✓ Levied (Upon Import, Standard VAT Payment)	✓ Levied (with IOSS for B2C <150€. 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)

## What Do I Need To Do When Registering for IOSS?

When it comes to registering for the IOSS scheme, you will need to consider which Member State you choose for this. Once you have made this decision, you may be asked to supply the following information:

- Company name/trading name
- Address
- Website URL
- Contact information
- National tax reference number
- Bank details

**IMPORTANT INFO:** One point to make note of; if you don't currently have any physical presence in the EU, you will need to appoint an EU-based intermediary to fulfil your VAT obligations under IOSS. The intermediary is a taxable person that already has a presence within the EU.

Having this intermediary will ensure you are fulfilling your VAT obligations associated and required by the Import One Stop Shop scheme.

If you are tax-registered in an EU country, you are not required to assign an intermediary, however if you wish to appoint one, you can do so.

## Collect VAT From Customer At Online Checkout

Once you have registered for the IOSS scheme, your responsibility for compliance primarily focuses on the transparency of VAT for both your customers and customs.

For your consumer, this scheme means that they receive a heightened experience, as they will have complete VAT cost transparency at the moment of purchase.



### Checklist of Must-Dos

- ✓ Display prices with VAT on your website according to the VAT rate of the destination country
- ✓ Collect VAT from the customer at the checkout
- ✓ Check the intrinsic value of the imported goods <150€
- ✓ Declare the VAT on the invoice, distinguishing the different VAT rates for each destination country
- ✓ Provide your customs declarant with the necessary information for customs clearance (including the IOSS VAT identification number)
- ✓ File a monthly VAT declaration before the end of month M+1
- ✓ Remit the VAT collection collected from the online sale the end of month M+1
- ✓ Keep records of all eligible IOSS distance sales of imported goods for 10 years to cater for possible audits by EU tax authorities

### TOP TIP:

To work out the intrinsic value of the goods you are shipping, this is the price of the goods as they are sold to the customer - excluding transport and insurance costs, and taxes, duties and other fees, unless they are included in the price.

These benefits mean it's a win, win for your eCommerce business and your consumer.



## Using IOSS Delivery Services

IOSS can be used for B2C sales and you will need an intermediary to use IOSS services to ensure you have the right integrations for a cost-effective, paperless duties and taxes calculator that generates electronic customs documents and takes care of your EU shipping in one place.

### eCommerce Marketplace Selling

In modern day eCommerce, multichannel shopping and sales is a popular approach for online businesses to increase sales and brand recognition, situating themselves in places that their customers may be browsing.

If you are one of these businesses that use marketplaces such as Amazon or eBay, the online marketplace is responsible for the collection of VAT (and payment to EU Authorities), and other IOSS-related obligations.

It is the duty of the marketplace to ensure that the information required for the customs clearance in the EU, including IOSS VAT identification number, reaches EU customs where the goods will be imported to.

We recommend contacting each marketplace you sell on to review and confirm how VAT will be handled and if you are required to do anything in compliance.

### What About Returns?

So you've shipped your goods to your consumer, and all has gone smoothly. But how does IOSS deal with the returns process?

Returns under IOSS would be calculated on the following VAT return. As a merchant, you must give the VAT amount back to the customer. If it isn't under IOSS, the customer would have to reclaim it from the tax authorities.



## Compliance

Now that we've simplified the process, you may be wondering what the catch is? And the truth is, the only catch is that IOSS can only be used for B2C order up to the value of 150€, whilst appointing an intermediary within the EU.

Another point to consider is that the IOSS **DOES NOT** protect any products that are subject to excise duties. This can include: alcohol, tobacco and motor fuels. These are goods that the manufacturer is to pay tax on as opposed to the consumer.

### What If My Goods Exceed 150€?

We've mentioned a lot that IOSS caters to the deliverance of goods up to the value of 150€, and you may be questioning what happens when your goods exceed this value?

If this happens to be the case, you will not be eligible for IOSS, however there are alternative methods available that offer your customers the same seamless experience using Delivered Duty Paid (DDP) to ship your goods.

Using DDP, your Duties and Taxes are paid by the carrier at customs, then invoiced back to you. So similarly to IOSS, your customer won't be required to pay any additional charges upon receiving their goods.

In response to this, GFS International eCommerce Services now covers ALL shipping terms – IOSS, DTP, DDP and DAP. Get in touch with GFS for advice on the best shipping solutions for your customers and businesses.



### To sum up...

Using IOSS comes with a host of benefits that have a positive impact on both you and your consumer.

Possibly the biggest benefit of all comes with the ease and simplicity of using IOSS. In its nature, this scheme was designed to make the process of importing and exporting to the EU a lot smoother for retailers and consumers. And with a single EU IOSS VAT ID number that covers VAT registration in all 27 EU member states, you'll agree this has definitely added ease.

In addition to the element of ease, the IOSS scheme facilitates VAT payments that can be made monthly, directly to the EU tax authorities, which in turn results in improved cash flow.

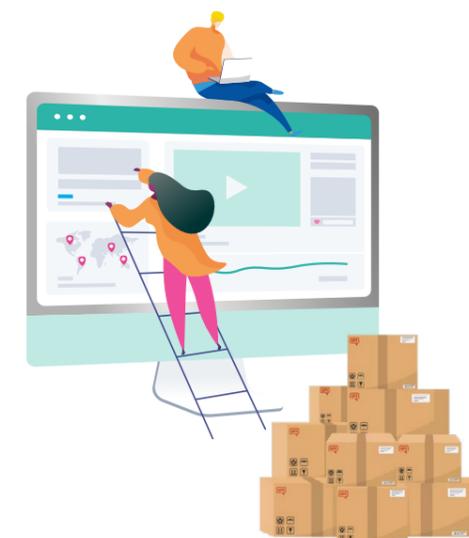


## Frictionless Cross-Border Shipping With Visualsoft and GFS

GFS is our partner with experience and expertise as one of the best cross-border shipping services.

Integrating GFS to your eCommerce site means you will benefit from their best-in-class delivery experience and solutions catered to your customers, markets and business. A frictionless experience for you, and a transparent service for your customers.

GFS International supports delivery worldwide to 220+ countries and territories under ALL shipping terms – IOSS, DTP, DDP and DAP. With 3 service options – Express, Plus and Economy – we can build a tailored international delivery solution that meets the exact needs of your business, whether you have registered for IOSS or not. So, all you need to do is choose from 1 of 3 service level options – Express, Plus and Economy – and GFS does the rest!





Get in touch to find out how integrating GFS IOSS services can help you grow your business and customer base in the EU.

[www.visualsoft.co.uk](http://www.visualsoft.co.uk) | 01642 633604

For More Information / Handy References:

<https://www.gov.uk/guidance/tell-hmrc-youre-registered-for-the-vat-import-one-stop-shop-in-the-eu>

<https://gfsdeliver.com/how-can-you-reboot-eu-sales-to-grow-your-business-and-reach-more-customers/>

[https://www.youtube.com/watch?v=pphvwn09e\\_Q&t=1407s](https://www.youtube.com/watch?v=pphvwn09e_Q&t=1407s)

[https://ec.europa.eu/taxation\\_customs/iooss\\_en](https://ec.europa.eu/taxation_customs/iooss_en)

If you need help or advice growing your eCommerce business, we have an amazing team specialised in building, growing and scaling online businesses. Through the power of our innovative eCommerce platform, our own industry experts, achievable goal setting, and marketing solutions tailored to you, we can help with your online journey.

**Think bigger**

