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New VAT rules for e-commerce postponed

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New VAT rules for e-commerce (i.e. electronically buying or selling products over the Internet) were supposed to come into force on January 1, 2021. The rules respond to recent dynamic developments in this area. The current pandemic has, nevertheless, postponed this “small revolution”. According to the European Commission’s proposal, the new rules should come into force on 1 July 2021. We cannot, however, exclude that the effect will be postponed by the entire year and the new rules will not apply until 2022.

As a result, the parliamentary discussion on the amendment to the VAT Act, which introduces these new rules (Parliamentary Document No. 867), may not need to use an expedited procedure.

The new rules for e-commerce primarily aim at trading companies carrying out cross-border sales to final consumers, i.e. selling goods to consumers established in other EU Member States. Their aim is to ensure that VAT is collected in the country of consumption. The scope of the current “Mini One Stop Shop” system will be extended, thus turning it into a “One Stop Shop” (OSS).

In addition, the current controversial VAT exemption for goods in small consignment of up to EUR 22 imported from third countries is to be abolished. The payment of import VAT should be simplified either through a special regime for the import of low-value goods or through the above OSS system.

The amendment will also introduce new obligations concerning VAT collection applicable to electronic marketplaces or platforms facilitating the sale of imported goods or goods sold by entities from third countries.

The new rules for e-commerce are rather complex and confusing. We recommend using the extra time for thorough preparation. We will be happy to discuss possible consequences with you in more detail.



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