

# E-commerce: Selling into the UK/EU B2C

## Should you be VAT registered?

**If you sell B2C to a customer in the UK or EU, you may have to register and account for VAT in the customer's country. These rules apply to digital supplies as well as goods with a value under €150 (or £135) supplied to a UK or EU consumer. There is no registration threshold.**

### Background

Special rules apply to supplies of goods and digital services to consumers in both the UK and EU from third countries.

'Consumers' are loosely defined as anybody not in business - in practical terms, if they cannot provide a VAT registration number they are deemed to be a consumer.

### Electronically supplied services – B2C

If you supply digital services including images or text, music, films, games, programmes on demand, online magazines, website supply or web hosting services, distance maintenance of programmes and equipment, supplies of software and software updates, advertising space on a website, or pre-recorded training you could be caught by these rules.

**Example 1** – a US business has no establishment in the UK. It sells pre-recorded online courses to individuals (not businesses). One sale is made to a UK customer, creating a VAT registration obligation in the UK.

### New rules relating to supplies of goods B2C

From 1 January 2021 for the UK and 1 July 2021 for the EU, there are some fundamental changes to the VAT treatment of goods sold B2C. Where the following applies, VAT must be accounted in the customer's country by the seller:

- the sale is B2C
- the goods are shipped to a customer in the EU or UK
- the goods are outside the EU or UK at the time of sale, and
- the value of the consignment is under €150 or £135.

There is no registration threshold for businesses outside the EU or UK. Different rules apply to sales made via online market places.

If the consignment value is in excess of €150 or the sales are made B2B, then the normal rules apply. This means the importer of record must account for import taxes, and if this is the supplier they will be required to register for VAT.

[www.uhy-uk.com](http://www.uhy-uk.com)

UHY Hacker Young Associates is a UK company which is the organising body of the UHY Hacker Young Group, a group of independent UK accounting and consultancy firms. Any services described herein are provided by the member firms and not by UHY Hacker Young Associates Limited. Each of the member firms is a separate and independent firm, a list of which is available on our website. Neither UHY Hacker Young Associates Limited nor any of its member firms has any liability for services provided by other members.

UHY Hacker Young (the "Firm") is a member of Urbach Hacker Young International Limited, a UK company, and forms part of the international UHY network of legally independent accounting and consulting firms. UHY is the brand name for the UHY international network. The services described herein are provided by the Firm and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members.



This publication is intended for general guidance only. No responsibility is accepted for loss occasioned to any person acting or refraining from actions as a result of any material in this publication.

© UHY Hacker Young 2021

**Example 2** – a business operates an online store from the US. It sells sports goods. A customer in France purchases a jersey with a consignment value of €80 which is shipped from the US. The US business is required to register and account for VAT in France.

Note – for EU sales there is a concession for the courier to collect the import VAT from the customer. This is accompanied by a fee that can make this commercially unattractive. This concession does not apply to UK transactions.

### How do I comply?

If you are captured by these rules you may need to make a VAT registration. There is a simplification process to facilitate EU compliance with a single VAT registration for either goods or electronic services. This results in all transactions being reported on a single VAT return which will reflect sales for all 27 EU member states, otherwise registration could be required in each member state. You would need a separate VAT registration for the UK.

### In summary

If you supply goods or services B2C to the EU or the UK it is important to be aware of the following:

- there is no registration threshold
- you may need a registration for the EU and UK
- the single EU registration scheme is not available retrospectively; and
- if you cannot use the scheme, you might have to make a registration application in each EU customer's country.

The rules explained cover specific examples but any trade with the EU or UK should be reviewed to ensure tax obligations are met.



Sean Glancy  
Partner, VAT

t: +44 20 7216 4674

e: [s.glancy@uhy-uk.com](mailto:s.glancy@uhy-uk.com)