

Import One Stop Shop (IOSS): Are you prepared?

What is it?

IOSS is a system that supports a new import scheme for EU and non-EU businesses. Businesses will be able to sell goods with a value up to €150 to EU consumers, declaring and paying VAT in a single monthly VAT return. Registration for IOSS can take place in any EU country.

IOSS will become hugely important as of July 1, 2021, when goods with a value of up to €22 will no longer be VAT exempt when imported into the EU.

Why does the IOSS matter?

When the new IOSS is used, VAT will have been charged and collected when the payment of goods has been accepted.

It means that goods arriving at the EU border will benefit from a quick release at customs.

What about goods over €150?

Consignments with a value over this amount will be cleared in the traditional way with VAT and Duty paid via the usual methods.

What about the UK?

The UK is introducing a similar system – which will be applicable from Brexit Day – December 31, 2020.

The UK will withdraw the EU £15 low-value consignment threshold on this date and introduce a new £135 VAT parcel regime – similar to the EU's €150 IOSS scheme.

Non-EU retailers may already register with the UK's HMRC so they are prepared to start declaring UK import VAT.

What if a retailer doesn't register with the IOSS?

The IOSS is not compulsory for consignments under €150. The retailer/marketplace may still choose to collect the import VAT from the recipient by the postal operator, courier firm or customs agent.

This will result in a more complex customs clearance procedure, the payment of significant administrative fees and much longer transit times.

How do I get prepared for IOSS?

Hurricane's Aura and Zephyr solutions enable retailers to have the complete Advance Electronic Data (AED) that will be essential to make use of IOSS. That data includes the HS6 code and standard commodity description.



Aura also supports the provision of the full landed cost during checkout which is required if a retailer / merchant wants to use IOSS.

Registration for IOSS can take place in any one of the EU countries, usually the country in which most of your business transactions are based.



Hurricane
Enabling seamless cross-border eCommerce

www.hurricanecommerce.com