

Position Paper

Berlin, May 2017



The Position of Händlerbund e. V. on the Topic of Value Added Tax

As a result of the discussions at the national and European-global levels, Händlerbund e.V. presents here its current and sustainable position on the issues surrounding value added tax. In doing so, Händlerbund dismisses unrealistic market solutions. What does it mean to conform to market requirements? How does trade function? These are the questions that need to be asked. Händlerbund e.V. aligns itself with an adequate market solution based on democratic principles without excluding any of those involved.

Administrative obstacles like disparate value added tax regulations or various consumer laws, along with excessive delivery charges or a lack of functioning competition are at the top of the list of things that make trade difficult and hinder growth in the EU. Händlerbund has actively engaged itself in designing the necessary foundations. The interfaces facilitating the switching of parcel services for cross-border e-commerce shipments are being standardised openly and transparently.

At the moment, stakeholders are standardising all the necessary interfaces that make secure data communication between online traders and financial institutions possible. When closing a mercantile contract over an online marketplace or portal (digital platform), the goal is that the related tax aspects are represented in real-time, able to be declared at the responsible institutions and paid where necessary.

There are more than 75 different value added tax rates in the EU

Similar to stationary trade, like in a supermarket, the shipment is related to the contents. After the recipient is identified, the specific contents of the recipient can be categorized. Depending on the value added tax (VAT) of the recipient country where the recipient has their delivery location, the corresponding VAT will be required. The delivery time is fixed when the shipment is posted. Simultaneously, the online marketplace or the portal take on the same role in the digital world as the trading venue does in the stationary world. The processes in stationary trade are very similar to those in digital trade.

Marketplaces offer the conditions, but are neither buyers nor sellers

Online marketplaces act as the intermediary of the transaction. Similar to a stationary market, online marketplaces are neither buyers nor sellers, but offer the conditions that make transactions possible. Correspondingly, marketplaces offer different downstream services for the third party in the transaction. This results in ecosystem-like solution worlds to which the user should be connected.

This is exactly where the standardisation efforts of Händlerbund e.V. and the e-commerce association of the umbrella organisation, Ecommerce Europe come into play. Thus, the European Commission, in close cooperation with Händlerbund e.V. (backed by the German Institute for Standardization - DIN) and Ecommerce Europe, mandating the European Committee for Standardization (CEN) for

- the requirements on electronic, previously transferred data in the delivery of products and services that especially correspond to security and customs demands, and,
- to meet the requirements regarding the connection, access, participation and further development of an open, global network and system for postal service providers as well as developing players in wider postal sectors.

The goal is to make all the data available to the government agencies and everyone involved in the process. Concerning cross-border transactions, the government agencies can determine the extent of the control in advance, before shipments reach the destination country. The actual customs calculations, import duties and similar fees should be allowed upon closing a contract.

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The revocation of the existing VAT-exemption for shipments with low value

Individual, non-EU traders violate the VAT-exemption for shipments with low value to gain a competitive advantage. Therefore, Händlerbund e.V. supports the proposal of the European Commission that the present VAT-exemption should be eliminated for non-EU traders. An import regulation for distance selling of product shipments should be required with a specific maximum value of €150 for non-EU countries. Händlerbund e.V. is strongly in favour of the implementation of a simplified regulation for a worldwide-valid declaration and the payment of an import-turnover tax in the case of the aforementioned import regulation not being implemented.

According to the new import regulation, non-EU traders must be registered in at least one EU member state for VAT purposes. This should generally be the EU member state that the seller designates under the criteria of the EU-VAT regulation. After such identification, the non-EU trader will be put in the position to declare and pay import-turnover tax on packages delivered to EU consumers, due in the quarterly VAT tax declaration, set up and supported by an expansion of the planned MOSS (mini-one-stop-shop) system. The plan is to collect the VAT at the points of sale of the merchants and marketplaces. These kinds of declared shipments subsequently profit from an accelerated customs process.

Import-turnover tax will be collected during the sales process quarterly

These cross-border shipments will no longer be subject to import-turnover tax. The VAT will in fact be collected at the point of online sale through the system employed and the corresponding VAT tax declaration will be reported over the expanded MOSS. The VAT package will lead to simplification measures for goods in shipments with values that don't take into account the VAT import regulation amount (> €150). The proposal of a council directive stipulated that the member states facilitate the person putting the goods through EU customs (generally the postal carrier i.e. courier, express or package service), declaring the import-turnover tax due on the shipment through the filing of an electronic, monthly tax declaration to be settled in the name of the recipient.

From the perspective of Händlerbund e.V. and Ecommerce Europe, the new import regulation equips the member states with the ability to raise the import-turnover tax on shipments of low value and, on the other hand, contributes to protecting European traders from unfair tax competition with non-EU traders. Tiresome customs procedures for the import of individual shipments will be avoided. Simultaneously, effective and simplified procedures for reducing the costs of levying the taxes will be ensured for everyone involved.

About Händlerbund e.V.

As the largest online association in Europe, Händlerbund e.V. is the mouthpiece and partner of the e-commerce sector. The association fosters an open exchange between merchants and service providers, sustaining, supporting and preparing for the future of both digital and stationary retail. Through a Europe-wide representation of interests and a bundling of various services, Händlerbund, together with its members and partners, actively shapes the e-commerce sector.

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