

# Global VAT Specialist Group Newsletter

For members with clients or businesses trading goods and services globally

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## EU VAT on digital services

The impact of digital revolution has been wide-ranging. One of the greatest changes was the rapid increase of cross-border services, especially digital services provided directly to final consumers. Consider the downloading of music, video and images or cloud services, online advertising and subscription services for online publication. If your business supplies digital services to consumers (B2C) then you should carefully consider when and where VAT obligations will arise for you.

### What VAT is due?

As a general rule, if your business is established in a Member State A and supplies digital services to consumers located in Member State B, then such services are subject to VAT in Member State B. This implies that you have to charge VAT to your customer at the rate of the Member State B, where the customer is located. To declare and pay this VAT to the Tax Authorities of Member State B, you should either register for VAT in (each) Member State(s) of the customer(s) or register for the Mini One Stop Shop (MOSS) in your own Member State.

Since this is very burdensome and costly, especially for micro-business occasionally supplying digital services, EU VAT Directive 2017/2455 introduced an important simplification. From 1 January 2019 a threshold of EUR 10.000 was introduced up to which those supplies remain subject to VAT in the Member State where your business (i.e. the supplier) is established instead of the Member State of consumption, provided that certain conditions are met.



Speak to our Global VAT Specialist:

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In case you exceed the threshold of EUR 10.000 then you are forced to apply the general rule (VAT due in the Member State of your customer).

However, if you want to apply the general rule – taxation in the Member State of the consumer – you can opt for this opportunity, but you will be bound by this decision for 2 calendar years.

New Global VAT Specialist microsite coming soon – watch this space!

### Visit our websites

Find more information about our global accounting network and association MGI Worldwide and CPAAI at [mgiworld.com](http://mgiworld.com) and [cpaai.mgiworld.com](http://cpaai.mgiworld.com)

## Keep your eyes wide open!

As a digital services supplier, you must keep track of where your customers are located and what are the VAT rules in those countries. In addition, you need to consider also that legislative landscape can change rapidly and that sometimes VAT directives are not implemented in due time by all the EU Member State so situations can be different across Europe.

As your Global VAT team, we would be pleased to support you with VAT compliance assistance so you can focus on growing your business.

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