



The EU VAT Reforms

Effective 1 July 2021

Effective 1 July 2021, there are significant changes to the European Union's Value Added Tax (VAT) rules applying to the online sales of goods.

If you purchase products from outside the EU, these changes may impact the cost of those products.

What do you need to know as a consumer?

The EU's VAT reforms consists of two key aspects for consumers to consider:

The VAT exemption for imports valued up to €22 will be abolished

If you purchase products from outside the EU up to a value of €22 there was previously no VAT applied to them. The EU has decided to end this exemption as of 1 July 2021 so that EU businesses, who do not enjoy such an exemption for intra-EU shipments, are not disadvantaged.



Please be aware that this could potentially add import costs to your international purchases valued up to €22, such as clearance fees and import VAT, if the business you are buying from does not include VAT in the retail price.

The EU is incentivizing non-EU businesses to include VAT in the retail price for goods up to €150

When you purchase products from outside the EU, the seller can opt to include VAT in the retail price or have you pay VAT when the items are delivered to you. From a consumer point of view, this will not change.

The EU is incentivizing e-commerce businesses to include VAT in the retail price. A centralised platform will be introduced (known as the Import One-Stop-Shop or IOSS) which will make it easier for non-EU businesses to comply with EU VAT laws and which requires them to collect VAT at the point of sale.



When purchasing products from outside the EU, be sure to check if VAT is included in the retail price. If it isn't, then you may be charged VAT when the goods are delivered to you.

If you're asked to pay additional fees when your shipment is being delivered, this may be due to several reasons, such as:

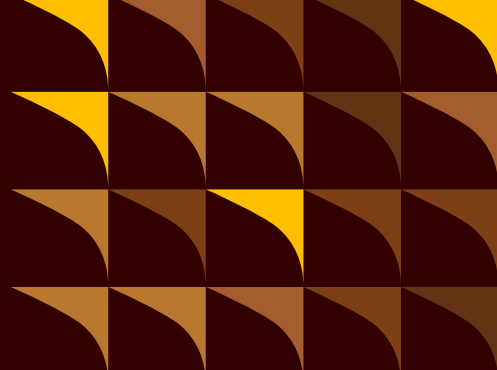
- The seller has not registered for the IOSS platform
- The shipping documentation was incomplete
- The value of the goods was determined to be higher than €150

If you believe you have been incorrectly charged import VAT or other customs charges we recommend you to get in touch with the seller.



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When will you have to pay additional fees for your purchases from outside the EU?

When products are imported into the EU they may incur additional fees when they are cleared through EU customs. Who pays these import fees is determined by the shipper. The shipper may decide to pay these import fees themselves, in which case they would usually know upfront which import fees are due and include this cost in the final price that you pay when making your purchase. In this case you will not have to pay any import fees upon delivery.

However, the shipper may decide not to pay import fees themselves. If this is the case then UPS may have to collect these import fees from you upon delivery. Always remember to check if VAT and import fees are included in the final price of your purchase.

Which import fees will you have to pay upon delivery?

If the shipper has decided not to pay import fees themselves, these may be passed on to you. If the value of the shipment is not higher than €150 these import fees will usually consist of:

Value Added Tax (VAT)



If VAT has not been collected at the point of sale, then VAT will be collected by customs authorities when the shipment enters the EU. VAT is calculated as a percentage of the total sale price (including shipping). Each country in the EU determines its own VAT rate. The rate applied to your shipment will be that of the final destination country. The average EU VAT rate is around 21%.

If VAT has not been collected at the point of sale, UPS will prepay the VAT to the relevant customs authorities when the shipment is imported into the EU and collect this from you upon delivery.

Disbursement Fee



If UPS has to prepay duties, taxes and other government charges on behalf of the payer of a shipment, UPS charges a fee based on the value of the goods shipped and the advanced amount. This fee covers the administration of customs declarations to authorities as well as UPS's exposure to liability, should any declarations be inaccurate.

If the shipper has decided to pass on import fees to you, and UPS is required to prepay VAT and any other fees related to your shipment to customs authorities, then UPS will collect this fee, known as the Disbursement Fee, from you upon delivery. A low value disbursement fee is being introduced for goods with a value up to €22.

Please note that the above fees are not an exhaustive list. Additional fees may apply dependent on the specific shipment characteristics.

How would this impact your total costs?

To illustrate how this could impact the total cost of your shipment we use the example of a shirt bought online from a UK retailer by a German consumer. In this example the UK retailer has not collected VAT at the point of sale. The amounts shown below are for illustrative purposes only and will differ from actual amounts incurred.

Product Price ¹	€ 20.00
VAT at point of sale (19%) ²	€ 0
Import charges billed at checkout	€ 0
Total you pay to seller at checkout	€ 20.00
VAT at point of import (19%) ²	€ 3.80
Disbursement Fee ³	€ 6.00
Fees you pay upon delivery	€ 9.80

¹Including Shipping ² VAT % based on your EU country rate ³Based on Germany, fee may differ by country



How can you pay import fees?

If import charges are due for your shipment, UPS will give you the option to pay the outstanding charges by card or cash while your parcel is on its way to you (if the retailer has provided us with your contact details) or at the point of delivery. Paying these charges through our online system prior to delivery will result in smoother processing of the shipment.