

The EU VAT Reforms



Effective 1 July 2021

From 1 July there are significant changes to the European Union's Value Added Tax rules applying to the shipment of goods into the EU.

If you are importing goods from outside the EU, you should consider how the following change may impact your business.



What's changing for your shipments?

The VAT exemption for imports into the EU with an intrinsic value up to €22 will be abolished, meaning that all imports will now be subject to VAT.

These low value goods will therefore also require formal customs clearance, although goods valued up to €150 remain exempt from customs duties, with the exception of certain controlled commodities.

UPS may charge a nominal fee per shipment to outlay VAT in accordance with the UPS Service and Tariff Guide.



Who pays import fees?

The removal of the VAT de minimis means that all imports into the EU are subject to VAT. However, it does not change how VAT and other import fees may be collected, which remains the same as it is today, as determined by the billing terms of a shipment:

- Bill to shipper account (aka Free Domicile)
- Bill to third party account
- Bill to consignee account
- Consignee pays upon delivery

Please note that if the shipper does not give any valid accounts to bill import fees to, by default these fees will be charged to the receiver upon delivery.



Are there any new import fees?

When UPS is required to prepay duties, taxes and other government charges for import shipments on behalf of the payer, UPS charges a Disbursement Fee based on the import country. As shipments up to €22 now also require VAT to be prepaid upon import if the shipper is not IOSS registered, UPS has introduced a Low Value Disbursement Fee for shipments up to €22 in the range of €6-8 depending on the import country.

The existing Disbursement Fee will continue to apply to eligible shipments above €22 as well as any other existing UPS fees as outlined the UPS Service and Tariff Guide



What can you do to prepare?

If you are importing low value goods from outside the EU you may wish to emphasize the following to the shipper:

- The billing terms of the shipment should be agreed to avoid unexpected charges upon delivery
- A complete and accurate commercial invoice should be provided with all shipments to reduce the risk of customs delays
- If importing samples not intended for resale, 'For Sample Purposes' should be clearly marked on the commercial invoice and waybill to avoid VAT
- The commercial invoice can be submitted electronically with [UPS Paperless® Invoice](#) so customs can start clearing your shipments before they reach the border

For more information on how the EU's VAT Reforms may impact your shipments, please visit [ups.com/traderegulation](https://www.ups.com/traderegulation).