

Are You Getting Your VAT Right on Distance Selling?

If you sell goods to a person living overseas and is in the EU and who is not VAT registered, then Revenue class this as distance selling.

Whether the sales happen through mail order or from a telephone call or a sale made on your website the distance selling rules will apply.

What do the distance selling rules mean?

Basically you're liable to account for Irish VAT on distance sales until the total value of sales to all customers within a particular country reaches the threshold that applies in that country.

When that threshold is met in a calendar year you're required to set up a new VAT registration in that country. Then for the sales you make in that country, you have to account for the VAT at the appropriate VAT rates to the VAT authorities in that country.

For example...

- Irish company makes web sales to customers in France totalling €20,000. VAT is accounted for in Ireland because €20,000 is less than the calendar year threshold for France of €35,000.
- Irish company makes web sales to customers in France totalling €40,000. VAT is accounted for in France because sales exceed the threshold.

What this means...

If you're an Irish based business selling goods to non-VAT registered customers in other EU countries, their location is important!

You need to make sure you have systems in place to review the amount of sales being made to each EU country. You can then monitor this to see whether you are within the threshold and can take appropriate action if you exceed the threshold.

A copy of the current thresholds, valid at April 2016, is available at

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_ec_annexi.pdf

If you need help with distance selling or any other VAT issues then please call us today and see what we can do for you.