



Interaction between the SME scheme, the One-Stop-Shop (OSS-Union scheme) and the Import One-Stop-Shop (IOSS)

(Council Directives (EU) 2017/2455, 2019/1995 and (EU) 2020/285)

Interaction with the OSS - Union scheme

Until 31 December 2024

SME scheme and Union OSS

(until 31 December 2024)

Taxation at destination of all distance sales for businesses selling goods and supplying services to final consumers throughout the EU

SME scheme (until 31/12/2024)

- **Exemption from VAT** of the distance sales of goods and services to the Member State in which the supplier is established

Union OSS (as of 1/7/2021)

- **OSS registration in the Member State of establishment** for all the eligible supplies to customers located in all other Member States
- **Single VAT OSS return** and a **single payment of the VAT** due on all these supplies of goods and services

SME scheme and Union OSS

(until 31 December 2024)

- All distance sales to customers in the Member State where an SME has a fixed establishment and applies the SME scheme are VAT exempted.
 - If the SME is registered for the OSS, these distance sales cannot be included in the OSS VAT return (Article 369g: shall be reported transactions for which **VAT is due**).
- All distance sales to other Member States are taxed at destination, if the threshold of EUR 10 000 is exceeded or the taxable person has opted for taxation at destination.
 - If the taxable person is registered for the OSS, these distance sales are included in the OSS VAT return.

→ **The cohabitation of the current SME scheme and the Union OSS is thus possible:** a taxable person, if eligible, can avail itself of the SME scheme in a Member State in which it is established and at the same time be registered for the Union OSS and declare distance sales in other Member States.

Interaction with the OSS - Union scheme

As from 1 January 2025

Updated SME scheme and Union OSS

(As from 1 January 2025)

Main features of the two special schemes

Cross-border SME scheme (as of 1/1/2025)

- **Exemption from VAT** of the supply of goods and services made within a Member State in which the SME scheme is applied by an eligible taxable person established in the EU
- **Single identification** in the Member State of establishment with a number with **suffix “EX”**
- **Reporting obligations only** to the Member State of establishment

Union OSS (as of 1/7/2021)

- **Simplification of VAT obligations** for businesses selling goods and supplying services to final consumers throughout the EU
- **OSS registration in the Member State of establishment** for all the eligible supplies to customers located in all the other Member States
- **Single VAT OSS return** and a **single payment of the VAT** due on all these supplies of goods and services

Updated SME scheme and Union OSS

(As from 1 January 2025)

Main features of the two special schemes

Updated SME scheme

The VAT exemption applies to **ALL** the supplies made by an eligible SME within a Member State of exemption:

- both goods and services
- both B2B and B2C supplies

Unless excluded from the SME scheme (supplies made on an occasional basis, new means of transport, any other supplies excluded by the Member State concerned)

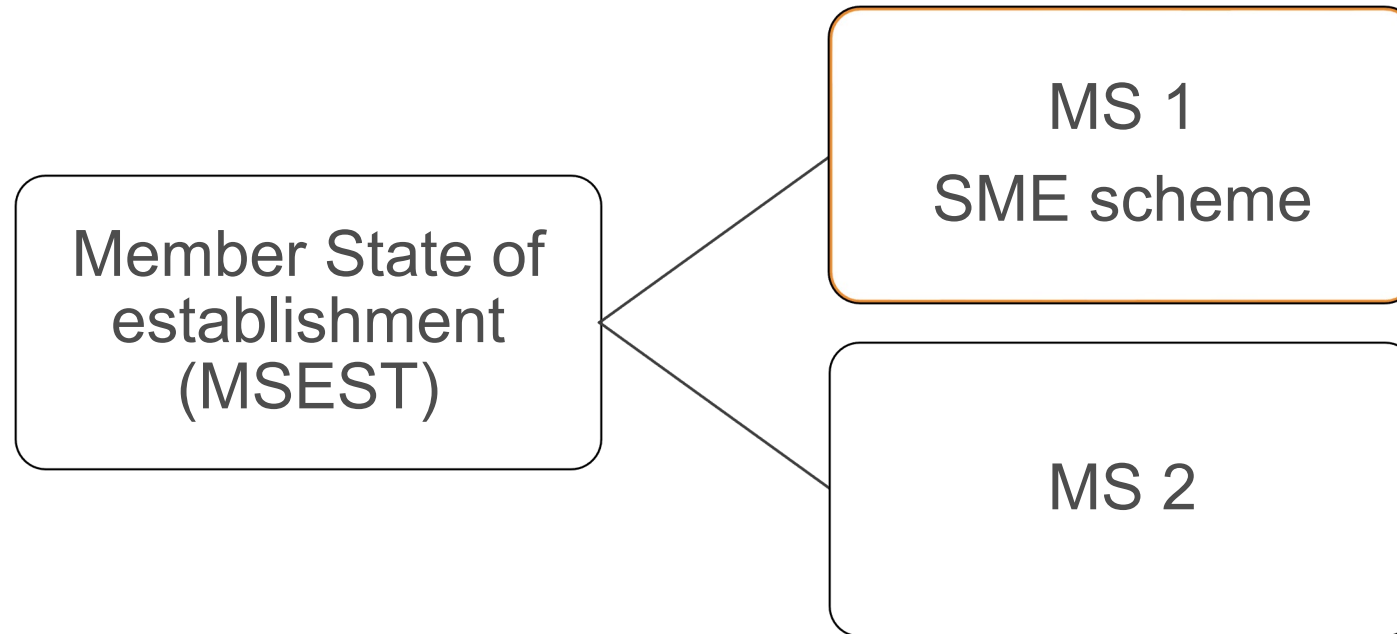
Union OSS

The simplification applies **only to B2C supplies:**

- intra-Community distance sales of goods,
- cross-border B2C supplies of services and
- domestic supplies of goods facilitated by electronic interfaces as deemed supplier

If a supplier decides to register for the Union scheme, it has to declare **all supplies that fall under the Union scheme**

Example: SME scheme in MS1 and registration in OSS



A taxable person established in MSEST avails itself of the exemption provided by the SME scheme for the supplies made in MS1 and is registered in the Union OSS.

Example: SME scheme in MS1 and registration in OSS

Eligibility for the SME scheme in MS1:

SME's annual Union turnover is below EUR 100 000

“*Union annual turnover*”: the total annual value of supplies of goods and services, exclusive of VAT, made by a taxable person within the territory of the Community during a calendar year.

and

SME's annual turnover in MS1 is below the MS1 annual turnover threshold

“*Member State annual turnover*”: the total annual value of supplies of goods and services, exclusive of VAT, made by a taxable person within that Member State during a calendar year.

* *The amounts forming the annual turnovers are listed in Article 288.*

Place-of-supply threshold (EUR 10 000):

If the total annual value of cross-border TBE services and intra-Community distance sales of goods does not exceed EUR 10 000 (exclusive of VAT):

- the **place of supply** of these supplies to consumers in MS1 remains in the MEST
- the value of these supplies **will NOT count in the SME's annual turnover in MS1** but **will count in its annual turnover in the MEST** if applied.
- the value of these supplies **will count in the SME's Union annual turnover**

* *As the use of the threshold is optional, the supplier can decide to apply the general rule of place of supply.*

Example: SME scheme in MS1 and registration in OSS

Application of SME scheme in MS1:

Provided that the SME's Union turnover is below EUR 100 000 and that the SME's turnover in MS1 is below the MS1 threshold:

- The SME is registered with an “EX” number in MEST and, if compliant, does not have to VAT register or file a VAT return in MS1.
- All the SME's supplies in MS1 are exempted from VAT. They may include types of supplies in scope of the OSS.
- The SME reports quarterly to its MEST the value of supplies made in MEST, MS1, MS2 and in all the other Member States (supplies pursuant to Article 288). MS1 and MS2 are not notified of report but can ask MEST access. The report must also include the value of supplies in scope of the OSS.

Union OSS:

- OSS registration with VAT number in Member State of identification.
- Collection of VAT from the customers in the EU on the eligible supplies.
- Submission of quarterly OSS returns in the Member State of identification declaring all eligible supplies:
 - Declaration of taxed supplies in Member States in which the SME is not benefitting from the SME scheme
 - Non-declaration of exempted supplies in Member States in which the SME is benefitting from the SME scheme
- Quarterly payment of the VAT declared in the OSS return to the Member State of identification.

Reporting for taxable persons

(As from 1 January 2025)

- **For the purpose of the SME scheme:**
 - The taxable person has to quarterly report to its MEST the value of all the supplies made in its MEST and in every other Member State (Article 284b). Some of these supplies may be in scope of the OSS but they cannot be distinguished from the other supplies since the value is reported as a total for each Member State.

- **For the purpose of the OSS:**
 - In the OSS VAT return, the taxable person has to declare all its supplies that fall under the Union scheme (Article 369b) for which VAT is due (Article 369g)

=> *no declaration of supplies exempted under the SME scheme*

Conclusion – Interaction SME / OSS

(As from 1 January 2025)

1. The SME scheme, if applied by a Member State, gives a material right to a VAT exemption if the applicable conditions are met. An SME fulfilling the conditions to be exempted in another Member State under the SME scheme cannot thus be denied this right on the basis of it being **already registered** in the Union OSS.
2. An SME availing itself of the SME scheme **can also register** for the Union OSS to declare its cross-border supplies in the Member States where it does not avail itself of the SME scheme (e.g. since above the SME national turnover threshold).

→ **The cohabitation of the SME scheme and the Union OSS is thus possible:** a taxable person, if eligible, can avail itself of the SME scheme in a Member State and at the same time be registered for the Union OSS and declare distance sales in other Member States.
3. In the absence of cross-border supplies in scope of the Union OSS, other than those exempted under the SME scheme, the SME has **no need to register for the Union OSS**.

Interaction with the Import One-Stop-Shop (IOSS)

Until 31 December 2024 and
as from 1 January 2025

Interaction (updated) SME – IOSS

(Until 31 December 2024 and as from 1 January 2025)

- IOSS and SME special schemes are **mutually exclusive**.
- The [OSS guide](#) explains that a taxable person using the special scheme for SMEs **has to opt out of the SME scheme to be able to use the import scheme (IOSS)** and will need a VAT identification number of the Member State in which it is established to register in the import scheme. The reason for this condition is to avoid the risk of non-taxation (see p. 21).
- The mutual exclusion of both schemes applies to both current and future SME scheme (until 31 December 2024 and as from 1 January 2025).

Thank you



© European Union 2020

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

Slide ¹⁵xx: **element concerned**, source: **e.g. Fotolia.com**; Slide xx: **element concerned**, source: **e.g. iStock.com**

