

A Simple Guide to Sales Tax: How to Be Compliant & Save Money



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How To Be Compliant & Save Money

Getting Set-Up in the EU

*This does not constitute financial advice

An Overview

- Amazon displays all prices in Pounds or Euros, including sales tax.
 - It is up to the **seller** to declare and pay this to the tax authority
- As a non-EU business, you must be registered for sales tax *before* you import.
 - There are advantages to being a non-EU business
- Tax percentages vary by country (19%-22%)
*But don't worry about this yet.
- Currently, UK Sales Tax is 20%

Q: So, do I need to register in every country?

The Short Answer: No

The Slightly Longer Answer is:

You'll only need to register in the country or countries where you fulfill from (initially). Then in any where you reach the distance selling threshold within one year.

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Advantages to Registering in the UK

When you are first entering the EU Marketplace, we recommend registering in the UK first because:

- It's the largest English-speaking market in the EU
- Communication & Paperwork is Easier
- The UK only requires quarterly tax returns (opposed to monthly in Germany, France & Italy)

Q: When should I register in other countries?

Only register in other countries once your sales are meeting distance thresholds.

Current Thresholds:

- DE = 100k
- FR, IT, ES = 35k

Once your product(s) meet a country's threshold, you can register to pay sales tax for that country, or consider enrolling in **Pan-EU FBA** (which required registration in 7x countries)

Q: So, what are my Responsibilities?

To be compliant, you must:

- File your VAT return every 3 months
 - This must be filed even if you don't have any sales (the good news is that it only takes 2 minutes before any sales are made)
- Include all UK and EU sales on your return
- Pay VAT owed within 35 days of the end of the VAT period.
- Your UK VAT Representative must have a UK address.

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The BIG Takeaways:

Register for your VAT Early: This takes time to process, so start this early so you've got it ready and can use it to move forward with paperwork.

Register only in the UK first: Communication and paperwork is easier to get through. Once you meet distance thresholds, you can move onto registering in other countries

Your UK VAT Representative must have a UK address: See our recommendations.

Stay Compliant: Avoid committing a tax crime and a court date. No shortcuts.
